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JPRS L/8305

2 March 1979

TRANSLATIONS ON JAPAN
(FOUO 5/79)

ASIA

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POLITICAL AND SOCIOLOGICAL

'ASAHI JANARU' PRESENTS GRIM VIEW OF ASIA

Tokyo ASAHI JANARU in Japanese 29 Dec 78 pp 14-16

[Special report by Professor Mineo Nakajima, an authority on contemporary China and international affairs, Tokyo Foreign Language University:
"Establishment of Diplomatic Relations Between the United States and China and the New Situation in Asia; Asia in a Deepening 'Cool War'"]

[Text] The United States and [the People's Republic of] China will establish diplomatic relations this coming 1 January. Thus has a serious question pending since the end of the war and into the 1970's been settled at one stroke. It is already seven years since the "Nixon shock" of 1971 and Nixon's subsequent visit to China the following year, and along with the feeling that it was a matter that had to come about sooner or later, one cannot deny the impression that it has been, after all, a long journey.

This establishment of diplomatic relations between the United States and China has extremely symbolic historical meaning in the following two respects.

First, Sino-American relations have finally arrived at this destination after a tortuous road through Asian hot and cold war, just at a time when we are at last going to see the final demise in 1980 of the so-called Yalta-Potsdam system which has prescribed the world order in Asia since the end of World War II. The relationship between the United States and China has been a colossal misunderstanding of modern history which was inherent in this Yalta-Potsdam system.

When one thinks of it, the 1945 Sino-Soviet treaty of friendship and alliance formed (secretly) in the Yalta agreement, was eventually passed on to the People's Republic of China and was [formally] concluded as the Sino-Soviet Treaty of Friendship, Alliance and Mutual Assistance in 1950, and with the transfer of this treaty, the Americans were ultimately taken in by the myth of what was openly rumored to be a "monolithic union of China and the USSR." They concluded that it meant the "loss of China," and moreover, the "loss of a Tito-ified China," and thus from the Korean war on through the war in Vietnam, the schema for the well known Sino-American confrontation eventually took shape.

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For this very reason, the rapprochement between the United States and China since the beginning of the 1970's has brought about extremely great changes in the international situation in Asia, but with the expiration of the above-mentioned 30-year old Sino-Soviet treaty in 1980 will come the demise of the actual Yalta system, and this moment will represent a turning point in history that appears likely to produce a strong bond between the United States and China.

The Priority of the Taiwan [Issue] Has Fallen

Second, having passed through the wake of such a history as this, we have arrived at a day when diplomatic relations are finally about to be established between the United States and China, but wherein the international situation in Asia has changed even further since the period of rapprochement between the two countries began in the early 1970's. With a new cold war in the form of a "cool war" on the verge of expanding on a global scale, the [new] Sino-American relationship will at a stroke increase the intense rivalry or antagonism of each toward the Soviet Union.

At one time, the rapprochement between the United States and China was regarded as a symbolic drama for the so-called easing of tension, but when the next stage in the rapprochement is the forthcoming establishment of diplomatic relations, it has become impossible to view the situation as a scheme to ease tension.

That is the extent to which today's international politics are colored by strategic rivalries and contention among the major powers. While the coming establishment of diplomatic relations between the United States and China in itself disposes of a historical problem between the two countries, it cannot but transcend that kind of framework and have a decisive influence on the international political situation.

United States presidential [National Security] Adviser [Zbigniew] Brzezinski, who played a major role in the establishment of diplomatic relations between the two countries, said at the time of his visit to China last May, "Both the United States and China can contribute to the peace in every part of the world, and can moreover stave off social-imperialist designs (20 May in his greetings at a welcome banquet in Peking)," leaving us agape. In short, from this quotation, not only can America not be an imperialist, but for the United States and China, imperialists can be no other than the USSR. It goes without saying then that present-day China understanding of the world is completely in agreement with the views represented by [Mr.] Brzezinski.

Granting this, one might cite Geng Biao, head of foreign liaisons in the Chinese Communist Party, as a maker of policy on China's side who could be said to rank with Mr Brzezinski's position in the Carter administration. A veteran career diplomat who rose to the Politburo in August 1977 and who in March 1978 became vice-minister of state, there has been something noteworthy in his activities in recent Chinese foreign relations. In a talk at a closed meeting in China concerning the United States and China in August

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1976, this Geng Biao made clear that at present the Taiwan problem is of low priority in Sino-American relations. Furthermore in this speech, which may be considered as laying the foundation of the present Sino-American diplomatic relations, he said, "Faced with today's world situation, we must first deal with the number one enemy, revised Soviet social imperialism. The other problems come after this one. Going with the general trend, the United States will as a matter of course consider this problem carefully, and will probably make a change in her policies" (Geng Biao, "A Complete Turnabout in Sino-American Relations," 24 August 1976.) It can actually be said that the establishment of diplomatic relations between the United States and China is an extension of this speech by Geng Biao.

"Normalization between the U.S. and China before Announcing Sino-Soviet Treaty Abrogation"

Even so, what can be the background of this flamboyantly achieved establishing of relations between the United States and China that was contrary to general expectations as well as to the views of the American Congress and the Department of State, and which was surely the result of the leadership from the White House?

Of course from the advent of the Carter administration, everyone regarded United States-China diplomatic relations as a question which must eventually come up, and at the start of the new administration, at a time when there was even talk of taking another look at an early normalization, I speculated that it might occur after the off-year elections.

Certainly, within the Carter administration, there were a number of people who were eager for normalization of Sino-American relations, including the aforementioned [presidential] adviser Brzezinski, as well as Energy Secretary Schlesinger, Oksenberg, a staff member of the National Security Council, and Holbrooke, Assistant Secretary of State for East Asian and Pacific Affairs, as were numerous American China researchers who in cooperation with these staff members all contributed to the making of policy. Thus, it was predicted that for the Carter administration, the task would be scrupulously prepared for after settling domestic affairs with the off-year elections. However, according to what we hear, this process of preparation was hastily boiled down between the United States and China in the last 10 days, and at one stroke, this kind of joint communique was arrived at.

Of course, in back of such a decision, in the face of the difficult going SALT negotiations, there must have been careful consideration of how the last remaining "China card" could be played most effectively. Consideration of the pro-Taiwan group within the United States must also have come into play. Since [this group] is at the same time both anti-Communist and anti-Soviet, the decision might be ridden through domestically by focusing on its position with regard to the Soviet Union. Plus, it can be thought that the necessity of dealing with the growing Soviet presence, due to the changing situation in Iran and the Soviet-Vietnamese treaty of friendship and cooperation, resulted in a hastened resolution of the schedule for United States-China normalization.

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On the other hand, on the Chinese side, it goes without saying the most urgent problem after Sino-Japanese relations was the strengthening of the Sino-American relationship, as is obvious from the recent movement toward de-Maoification to achieve their national goal of the "four modernizations" as well as to strengthen their world strategy of anti-"hegemonism."

In addition to this general state of affairs, the problem we should find noteworthy here is that China, if it is to comply with its recent promise to Japan made at the time of the negotiations for the Sino-Japanese peace and friendship pact, is under pressure to make an announcement abrogating the Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance by April of this year. The Sino-Soviet treaty [states that] "if neither of the treaty powers makes known its desire to cancel by one year before expiration, [the treaty] is extended for 5 years; moreover, by this means shall be successively extended." Sino-Soviet Treaty of Friendship, Alliance, and Mutual Assistance, Article VI. Since the treaty was ratified 14 February 1950 and ratified by both countries on 11 April of the same year, April of this year, either way it goes, will prove a great turning point in history.

As China has emphasized in the past, if this Sino-Soviet treaty were to be abrogated under the conditions of today's cold war, China and the USSR would literally become enemies, since the restrictions of international law concerning Soviet attack against China would be entirely lifted, and China's security would become threatened. [Thus] there was an extremely strong need to establish diplomatic relations with the United States before abrogating the Sino-Soviet treaty.

If we observe this strategy in the light of China's present domestic and foreign policies, we can probably say that Taiwan and the management of that problem, hitherto the particular issue that has occupied the gulf between the United States and China, has already become a problem of the second or third rank.

Of course even after the severance of diplomatic relations between the United States and Taiwan, "commercial, cultural, and other areas" of the United States - Taiwan relationship will be maintained, and however viewed, it is unrealistic to think that China will release military force against Taiwan. Thus Taiwan will most likely continue to exist as before, "as Taiwan." In the light of present day Sino-Soviet relations, it can be said that even the export of American arms to Taiwan is becoming a problem of no concern to China, which welcomes the American military presence in Asia.

On the other hand, one can naturally imagine rapprochement between the USSR and Taiwan, but in consideration of the trend toward de-Maoification in Chinese policy and the news of the recent rehabilitation of even the pro-Soviet P'eng Te-huai, the USSR must proceed cautiously on any tie with Taiwan which might spoil the possibility of future improvements in relations with China, the Soviet Union's greatest strategic target.

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A Danger of a Deteriorating Balance in the Post-War World

If we venture to apply a syllogism, we can say that the "hegemony" clause in the conclusion of the Sino-Japanese treaty provoked the Soviet Union and gave rise to the recent Soviet-Vietnamese treaty, and that the USSR's notable expansion in Indochina hastened diplomatic relations between the United States and China. The historical option for a Sino-Japanese treaty was not taken with a sufficient view to today's international situation, but rather was diplomacy chiefly for the purpose of dealing with standing issues within the traditional framework peculiar to the two nations. I have frequently tried to point out the dangerous consequences of this in the past (cf. my "The International Climate Under the Sino-Japanese Treaty--An Option for Peace or a Risky Alliance?" in SEKAI Oct 1978 and "Japan's Diplomacy as Defense Strategy" in CHUO KÖRON, New Year's issue 1979).

Thus the establishment of diplomatic relations between the United States and China will probably further activate Soviet Asian strategy, with the promised result a trend toward significant modification of America's "withdrawal from Asia." The tensions in Asia will be thereby potentially heightened.

The United States-Japan security structure stands between the Sino-Japanese and Sino-American relationships, necessitating the formation of an anti-"hegemony" coalition in Asia and the Pacific. China is leaning towards the formation of a "new Eastern NATO," and has already placed the Japanese-American security setup within the framework of Sino-American relations. Chinese propaganda directed toward strengthening our country's defense strength and China's recent shift towards approval of the Japanese-American security treaty are the natural results of this alignment of relationships. In other words, the options for a Sino-Japanese agreement are, whether we like it or not, engulfed in today's worldwide "cool war," a new cold war in which one could say we are forced to fight for 'citizen's rights.'

In this context, it must be said that it is an extremely dangerous tendency that among the supporters of Sino-Japanese cooperation in our country, there are those who, accepting the above mentioned Chinese rhetoric, have even started to come out with opinions advocating building up our own country's power of resistance toward the Soviet Union. Of course the powers that be in our government, as can be seen in their repeated chanting of the phrase "omni directional foreign diplomacy" have not gone so far as to make a decision to shift our country in such a direction. However, the problem lies in our continued apathy, our [feeling] that China and Japan will remain China and Japan, that Japan and America will remain Japan and America [just as they are now], in this allow-things-to-take-their-natural-course sort of inertia.

The establishment of diplomatic relations between China and the United States may mark an important epoch in modern history, but at the same time, the [value] of the Yalta-Potsdam system aside, one cannot help but have the ominous feeling that one important balance that has helped to maintain peace in the post-war world will crumble.

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'ASAHI' ANALYZES REVOLUTION IN IRAN

Tokyo ASAHI EVENING NEWS in English 15 Feb 79 p 3 OW

[Editorial: "Iranian Revolution"]

[Text] Iran took the first step forward as a reborn nation several days ago when Ayatollah Ruhollah Khomeyni appointed Dr Mehdi Bazargan as the provisional prime minister of an Islamic Republic, and Dr Bazargan accepted the post respectfully in Tehran. Now that the revolution has become a reality, Ayatollah Khomeyni may be regarded as the virtual head of state of Iran.

The elderly Ayatollah with the "will of iron," who rejected compromise with Muhammad Reza Shah Pahlavi and the Shah's establishment in his 15-year struggle, has finally succeeded in seating himself at the top of ecclesiastical and secular authority through peaceful means by mobilizing the masses. Although he is saying that he will withdraw from politics and remain as a spiritual leader, such a phenomenon is miraculous in the latter half of the 20th century. It appears that we have to reevaluate the effects of Islam on the present age.

The confusion that has continued in Iran for the past year may perhaps be called a new kind of religious war, coming in an age when technology rules the world. On one side was the "faith of the white revolution" which believed in technology as the basis of its doctrine, and the "founder" of this faith was Shah Pahlavi. Opposing this were the Shiite Moslems who prized tradition. Ayatollah Khomeyni, the head of these Moslems, resisted the white revolution which, on the strength of authority, tried to destroy the foundation of religious authority. In the course of this war, the Iranian masses, who had also become victims of the white revolution, rose in response to Khomeyni calls.

The policy of modernizing Iran was based on the Shah's own idealism, and we believe that his ideals should not be criticized. However, the reason why the white revolution now appears "evil" and traditionalism "good" is that the white revolution, we believe, was overstretched. Originally, the white revolution was a "revolution by the Shah and the people," but the people were cut off from it and left behind in the stage of its enforcement.

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Thus, the "new religious war" ended in the victory of the ultra-nationalists. Those involved in the white revolution merely ended up in making a large showcase with a whiff of Western civilization. Tradition was revived as "something old but good." We believe that the new government will push modernization policies reflecting the will of the Iranian people.

Yet, when the earth has become so small as at present, the revolution, as a matter of course, is expected to affect other countries. Iran, an anti-communist nation sharing a 2,000-kilometer border with the Soviet Union, had close ties with the U.S. as the world's second-ranking petroleum-exporting country. Now that the Pahlavi system has collapsed, the U.S. appears as a symbol of "evil modernization" in the eyes of the masses who have participated in the revolution.

Since the Bazargan government is supposed to push policies reflecting the popular will, the Iranian revolution means a big loss for U.S. President Carter's administration. On the other hand, the Soviet Union, without making a stir, has found a situation favorable to it. Moscow's decision to give early recognition to the new Iranian Government, which is aiming to remain anti-communist, apparently stems from considerations that above all else it does not want to have Iran for an enemy.

The Iranian revolution is expected to greatly affect not only the monarchic Arab oil-producing states across the Gulf but also peace in the Middle East. This is because the loss by the U.S. is linked with the position of Egyptian President Anwar al-Sadat who has been reiterating that the "U.S. has 99 percent of the trump cards for peace in the Mideast." The Bazargan government's posture of "not selling petroleum to Israel" is favoring the Arab die-hards. Peace in the Middle East under the leadership of the U.S.--the materialization of the spirit of Camp David--appears to be receding still farther.

Of course as shown by the history of revolutions, the new Iranian Government is expected to experience repeated internal troubles and crises until a firm system is established. However, on the basis of the trend so far, we feel that the Iranian revolution is past the point of turning back. The world must face up to and cope with what is coming after this upheaval.

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'AKAHATA': 'SHIGA QUESTION' OBSTACLE TO JCP-CPSU RELATIONS

Tokyo JPS in English 0921 GMT 19 Feb 79 OW

[Text] Tokyo, 19 Feb (JPS)--AKAHATA gave half of the space on page two of its February 18 issue to a long unsigned article entitled "New Maneuver by the Shiga Clique." The gist of the article follows:

The tiny splittist group of Yoshio Shiga, which oppose the Japanese Communist Party, has maneuvered for a prolongation of its existence at every turn of event in which a move for normalization of relations between the JCP and the Soviet Communist Party was sensed to be in the air.

In recent years, from the end of 1976 to the spring of 1977, when preliminary talks were being held between the JCP and the CPSU for the normalization of bilateral relations, they quickly changed the title of their newspaper and organization from the "Voice of Japan" to "Peace and Socialism," anticipating a new round of JCP-CPSU talks.

In the past several months since last year, the CPSU Central Committee sent a congratulatory message to JCP Presidium Chairman Kenji Miyamoto on his 70th birthday, and its central organ PRAVDA carried an article supporting the struggles of the JCP, including the struggle against various groups of anti-JCP elements. Seeing this, they were rattled, and began to make a new move.

By issuing a "statement" and giving a "lecture," all that this tiny group of splittist elements of Shiga and his followers was able to do was nothing but to make groundless denunciation of the JCP along a line already completely refuted before.

But the most recent "argument" by the Shiga clique needs a refutation. First, internationally, the Shiga clique is a queer entity, being a trend still blindly believing that it is a "cornerstone" of internationalism following unconditionally a policy line set by a specific foreign communist party.

Secondly, they describe the situation as if the relationship between the two parties was ruptured because the JCP leadership including Chairman Miyamoto

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had stood against the CPSU by speaking for the Chinese policy line. They are thus trying to "justify" their anti-JCP factional activities supported by the late Khrushchev. This is entirely a fabrication falsifying history.

Thirdly, Shiga and his clique praised the partial nuclear test ban treaty, and made a false statement saying "we were expelled from the JCP because we approved of the partial nuclear test ban treaty in 1964."

Fourthly, Shiga and his clique mix the question of holding differing views on the question of "Japanese territory" etcetera with the "Shiga question," which is incompatible with the principles of independence, equal rights and noninterference in each other's internal affairs, and are maneuvering to manage to save their own skin. But such maneuvers will be useless.

In a New Year interview carried by AKAHATA, Chairman Miyamoto admitted that there are some questions, including the territorial question, lying between the JCP and the CPSU, each holding differing views. But he said "If there is no interference from outside in the JCP," the JCP is willing "to develop friendly relations with all communist parties."

At that time, Chairman Miyamoto evaluated the PRAVDA article as being "at the forefront of the ranks," saying "I hope this will become one step to open good conditions for the advance of friendly relations between the two parties." But at the same time he said "as the Shiga clique is still claiming itself to be genuine internationalists supported by PRAVDA and is attacking the JCP, the condition is needed that the possibility that such a pretext will be used by the Shiga clique be eliminated."

The new maneuver of the Shiga clique indicates that the so-called "Shiga question" is the obstacle which should be surmounted to normalize and develop the relations between the JCP and the CPSU based on the working rules of independence, equal rights and noninterference in each other's internal affairs.

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'YOMIURI SHINBUN' COMMENTS ON JAPAN-U.S. NUCLEAR ENERGY TALKS

Tokyo YOMIURI SHINBUN in Japanese 13 Feb 79 Morning Edition p 4 OW

[Editorial: "Japan-U.S. Talks for Revision of Bilateral Nuclear Energy Agreement"]

[Excerpts] Talks on a revision of the Japan-U.S. nuclear energy agreement are scheduled to begin today. The revision was proposed by the United States in accordance with its nuclear nonproliferation bill.

In its nuclear policy the United States has changed its previous position of promoting worldwide use of nuclear energy and introduced strict regulatory measures, imposing them unilaterally upon other countries. This has aroused the opposition of many countries.

This new policy caused Japan great embarrassment last year because it could not obtain Washington's consent to the shipment of spent nuclear fuel to Britain and France for reprocessing.

Prevention of nuclear proliferation is indispensable to the security of our country and is an important foreign policy task. It is Japan's own problem to make prevention of nuclear proliferation compatible with peaceful use of nuclear energy.

The international trend with regard to regulating the use of nuclear energy is extremely fluid. The International Nuclear Fuel Cycle Evaluation (INFCE) Conference is still in session. Hence, no hasty conclusions should be made at the Japan-U.S. talks. However, the two countries need to make efforts to find a reasonable solution between themselves.

The main goal of the U.S. nuclear nonproliferation bill probably is to regulate reprocessing of spent nuclear fuel. Under the current agreement, Japan agrees to get the prior concurrence of the United States in reprocessing its spent nuclear fuel. However, European nations are strongly opposed to this for fear of the possibility of a similar provision being incorporated into the U.S.-EUROTOM (European Atomic Energy Community) agreement.

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Japan should closely follow trends in the U.S.-European negotiations and try to adjust the Japan-U.S. talks to those between the United States and Europe. However, care should be taken that the negotiations between Japan and the United States and between the United States and the European nations will not adversely affect the U.S. negotiations with developing countries and result in weakening the nuclear nonproliferation system. That would not be in Japan's interests. In this connection, prudence should be exercised.

The U.S. nuclear nonproliferation bill calls for the U.S. right of prior concurrence even on uranium enrichment and storage of nuclear matter. Its draft agreement reportedly includes a provision that once an atomic reactor uses U.S.-supplied nuclear fuel, it should not use fuel supplied by other countries. It is feared that this stipulation will impede the use of nuclear energy.

In response to the U.S. proposal, Japan should not merely respond passively but work out a desirable nuclear nonproliferation plan, get the U.S. consent to it and insure ways for using nuclear energy. The government often stresses its policy of making the peaceful use of nuclear energy compatible with prevention of nuclear proliferation, but the problem is what concrete measures it will take. The government should not neglect its duty to work out concrete measures, nor should it simply mark time while doing nothing, using the excuse of Japan being an [atomic bomb] "victim."

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'CHUO KORON' DISCUSSES MAJOR ISSUES RELATED TO SECURITY POLICY

Tokyo CHUO KORON in Japanese Jan 79 pp 118-127

[Special Report: "Post Japan-China Friendship Treaty--'Question of Defense'"]

[Text] What is necessary to guarantee safety for Japan now? The author was in an axial position in the Defense sector. He presents four concrete requisites from the issues we face and discusses the direction we should take.

Unlike other foreign states, Japan has not achieved mature consensus regarding its security policy. The reason for this is, in part, lack of understanding and insufficient examination of the following issues: (1) attitude toward the constitution, (2) differentiating security ideals/objectives and reality, (3) whether or not to seek Japan's defense function in military intimidation or in international relationships, (4) relationship between Japan's security and international responsibility.

I wish that the various political factions and the people would come to a consensus regarding Japan's national security policy. In the hope that my opinion can be of some service toward this end, I decided to organize my thoughts for presentation. Discussion of Japan's national security ought to include a discourse on the Japan-U.S. Security Pact, but as I have already given full treatment to this topic elsewhere, I will omit it in the present treatise.

1. Constitutional Issue

The Constitutional issue is the "alpha" and "omega" of Japan's defense question. Socialists and communists often exclaim that in discussing the defense policy, one must refer to its origin, which is the Constitution. So, let us deal first of all with this topic.

In the National Diet, in academic circles and among the citizenry, there have been limitless discussions regarding whether or not we can have armaments under our Constitution; and if so, to what extent. Some argue that in view of the peaceful tenet of the Preamble to the Constitution and the

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wording of Article 9, we cannot have defense power even for self-defense. Some insist that maintenance of a war potential as a collateral for exercise of self-defense rights is not denied by the Constitution. Between these two views there are many interpretative variations. Views of the political parties, public opinion of the citizenry are divided; and there is no consensus. It demonstrates a rather unique national character among the countries of the world.

According to public opinion poll surveys made by ASAHI SHINBUN (1968) and the Prime-Minister's Office (1974), 40 percent considered the Self-Defense Force to be constitutional and 17 percent thought it unconstitutional. Various kinds of surveys revealed that with regard to revision of Article 9 of the Constitution, prior to the establishment of the Self-Defense Force in 1954, those supportive of the revision exceeded those opposed to it; but since 1955, the opposition has gained in strength; and generally speaking, the difference between the two has widened. (See "Post-war Public Opinion Chronicle," edited by NHK Broadcasting Public Opinion Institute) According to ASAHI SHINBUN's survey of October 1978, 15 percent registered support and 71 percent were opposed. With regard to the maintenance of the Self-Defense Force, regardless of the type of survey, those conducted after 1963 registered over 70 percent in support. According to the most recent survey by ASAHI SHINBUN mentioned above, 70 percent were for maintaining the Self-Defense Force at the current level or else strengthen it; 11 percent, for curtailment of its size; and 5 percent for its abolition.

Judging from the above noted trend, though there are quite a few who feel that the Self-Defense Force does violate the Constitution, even they seem to regard it as a necessity.

In relation to political affiliations, socialists and communists regard the Self-Defense Force as a violation of the Constitution. The Komeito Party considers that there is doubt as to the constitutionality of the Self-Defense Force. I believe that this kind of confusion is traceable to the attitude toward the constitutional interpretation. A certain famous Keio University political scientist states that over 90 percent of Constitutional Law scholars hold that the Self-Defense Force is unconstitutional; but when the entire spectrum of Public Law scholars is surveyed, over half the number consider it unconstitutional. The problem appears to lie with this kind of situation. Unless a precise and appropriate position regarding the constitutional question is established, consensus among the citizenry regarding defensive power and the Self-Defense Force cannot be achieved. The state merely repeats that in view of the reality of the international situation, "the maintenance of minimum necessary defensive power is not forbidden in the Constitution." This surely will not convince all the citizens. I would like, therefore, to comment on the technical problematic points regarding the constitutional issue.

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Changes in Interpretation of Article 9

There are two types of Constitutions: the moderate Constitution and the hard Constitution. Primarily they denote the fact that the procedure for revision of the Constitution is simple or difficult; but at the same time, the difference is related to the attitude of the citizens. With the years, political and administrative requirements do change, and there arises a need to reconsider the basic laws of a state--its Constitution--in response to the changes that occur. Therefore, many countries do revise their Constitutions quite easily. I think many Japanese, in a period immediately following the war (a decade following 1945) thought that the Constitution established during the occupation would be revised eventually. There is also a viewpoint that though the changes brought about by passage of time do give rise to inadequacies in the Constitution, constitutional revision should be avoided so as to preserve the spirit in which the Constitution was originally conceived. The opinion of Japanese people after 1955 probably belongs to the latter category. From this standpoint, in order for the Constitution to have fresh vitality in tune with the current environment, dynamic interpretation/application must be sought.

Though there be no formal revision of the Constitution, there are instances in which through enacted laws, decisions of the Supreme Court or by means of change in objective circumstances, the meaning of specific articles of the Constitution undergoes a change. In theory, this is termed "hensen" [Constitutional transition]. This perspective is held by many scholars today both abroad and in Japan. Professor Tatsukichi Minobe was an exponent of this view in prewar Japan. (For summary of explanations of "Constitutional transition or change," see Professor Kosen Hashimoto's treatise in "Japanese Constitution--Its 30-Year History and Outlook" JURIST) Once, at the Constitutional Assembly, Prime-Minister Yoshida commented with regard to Article 9 as follows: "We have renounced war as a self-defense right set in motion." (This was later corrected, however.) With the inauguration of a Police Reserve Force, the government's interpretation of Article 9 became as follows: "War potential forbidden by the Constitution refers to the ability to effectively conduce modern warfare." Since the National Diet's explanation in 1955 that "the minimum amount of self-defense capacity necessary for defending ourselves does not constitute war potential forbidden in Article 9 of the Constitution." This then became the standard interpretation until today. There have been subtle changes in the meantime, however, and though the government's official position is that there has been no change in the interpretation of Article 9, an observer must sense that this view is rather labored. I think it would be far better to recognize the change of meaning and to adopt the less strained "Constitutional transition" viewpoint.

It goes without saying that even if one does not adopt the theory of "Constitutional transition," interpretation/application of the Constitution must be carried out dynamically to fit the current environment. For example, the wording of Article 89 of the Constitution forbids national and regional

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public bodies to give financial aid to "educational enterprises not subject to public control (private schools)." But if we look at the national budget for 1978, 254.6 billion yen in aid is given to private schools. This is made possible by a "cart before the horse" application of the law which states that private schools which receive state assistance under the private school statute must submit to state supervision within the limits circumscribed by the law. Dynamic interpretation/application, however, cannot be arbitrary; and the spirit of the Constitution and its wording provide restraints. But interpretation of wording does have leeways and in extreme cases legal interpretation can be made unfettered by the wording, by relying on the intent of the law as a whole. A same term may have different meanings in different legal context. Moreover, the term "senryoku" [war potential] employed in Article 9 may have a meaning different from "senryoku" as used in the context of conversational Japanese. Law is like that. Whatever the circumstance, the standard for interpretation of a legal text is social justice and social pertinence. In regard to Article 9, the crux of the matter is national safety and people's well-being. If a high school student reading Article 9 can readily understand its content to mean simple de-militarization, then we would not need legal scholars nor judges.

Even among the Constitutional Law scholars the interpretation of Article 9 varies widely from complete abandonment of war to a view that maintenance of war potential for self-defense is justified. That is to say, even when judged by scholars, several interpretations are possible. In as much as Article 9 concerns the existence of a nation and its people, which interpretation to adopt should be decided by the people. If from a procedural standpoint it is difficult for the people to decide, then the National Diet should decide. The decision-maker in a situation like this is not the judges, who are not directly responsible to the populace nor the scholars. In the instance of a Diet decision, though there is the format of a joint resolution, a better decision-making method would be legal enactment. That is to say, in as much as the present Self-Defense Force exists by means of a statute establishing the Defense Agency, the Self-Defense Force statute, and the yearly budget supporting the same, the National Diet is recognizing the Self-Defense Force as a constitutional entity. The Socialist and Communist Parties are adamant that the Self-Defense Force is unconstitutional but that perspective denies the authority and function of the Diet under the Constitution, and it cannot be described as an opinion based on constitutionalism and democratic principles.

Errors in State Interpretation

By the by, all the political parties do recognize the right of self-defense under Article 9. But in order to assert the right of self-defense, we need to have an intention and method for maintaining and defending it. For the demilitarized, neutral position, the method is peaceful diplomacy. For all the political parties, diplomacy is the basis of national security. The problem arises when peaceful diplomacy is not successful and Japan's

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right to self-defense is about to be infringed. What type of protective action should be taken then? The demilitarized, neutral position must provide an answer to this question. Unless ready answer is available to unforeseen circumstances (if.....instances), then it is no longer politics. The so-called Naganuma Decision of 1973 cited abatement by police, popular uprising with people bearing arms, confiscation of property of the citizens of an aggressor nation and their deportation. But these are not even worth commenting upon. Rights of self-defense exist in the context of mutual agreement between our country and the other party. Saying we will do this in disregard of the other party does not constitute defending the rights of self-defense. The argument that a foreign power could not possibly invade pacifist Japan or that peaceful diplomacy should take care of every situation are nothing more than off-shoots of a pre-war vintage providential wind theory.

The Preamble to the Constitution expresses the purpose of constitutionalism and is regarded as the basis of interpreting the body and each article of the Constitution. Many things can be said regarding the Preamble, but I believe there is a passage that is often overlooked. That is to say, the second clause advocates pacifism and the third clause, the rule of political morality and finally in the fourth clause, it states that "we, the Japanese people,will accomplish these high ideals and purposes with all our resources." In other words, the pacifism referred to in the Preamble is not something that we hope is already established today. It's an ideal and an objective which the citizens must aspire to through the Constitution.

From this standpoint, an interpretation of faithful reading of Article 9 to the effect that all wars and war potentials must be abandoned can be understood to represent the ideal toward which the Japanese people should strive. Such thinking may be akin to Constitutional Research Council Chief Kenzo Takayanagi's manifesto (political declaration) theory. To fill the text of the Constitution with political and administrative ideals and goals is a common practice, and many foreign Constitutions follow this pattern. The Japanese Constitution does this, too. For example, Article 25 provides that, "all people should have the right and obligation to work," but there are unemployed people and they certainly are not violating the Constitution by their condition. Declaration of these rights of the people signifies that the state and local public bodies ought to make every effort to realize the full exercise of these rights. Professor Shinkichi Eto of Tokyo University characterized it as a "wishful Constitution."

If the Japanese people's ideal and goal is to "preserve our security and existence, trusting in the justice and faith of the peace-loving peoples of the world" (Preamble) and to abandon all fighting and war potentials, how Japan should maintain her peace and her self-defense rights becomes a question of political policy contingent on various international and domestic situations of a given time.

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The state, by the way, does not interpret Article 9 as described above but regards it as a normative prescription to the effect that, "minimum self-defense capability is not denied by the Constitution." But even if Article 9 is regarded as a political declaration and abandonment of all wars and war potentials as the popular ideal, I think that in the interim stages, it would be possible to conclude that maintaining the minimum necessary self-defense power does not negate the Constitution. The state's interpretation per se, unlike the kind of interpretation described above, is merely static and passive and it cannot give life to the direct and active pacifist ideal contained in Article 9 and the Preamble to the Constitution.

2. Goals and Processes

Ideal and reality are topics that always accompany politics. They become an issue especially in the context of international relations and national security questions. Political ideal consists of what domestic and international conditions ought to be in the far distant future presented in the form of political goals. Reality refers to temporary policies for dealing with the various immediate domestic and international conditions we face. Japanese are fond of labeling today's International Political Scientists as idealist or realist. Actually this labeling refers to the area of interest a given scholar demonstrates, and I do not think that the two are heterogeneous. Basically, ideal and reality are coexistent. They ought to be synthesized and should not be presented as one or the other choice.

Ideals are necessary in politics, but simply hoisting an ideal is not enough. An ideal cannot always be realized, but the important thing is the effort and performance record to achieve that ideal. They ought to become the index of actual policies. Treating ideals alone and avoiding realities may be excusable as a scholarly pursuit, but it is not politics. Conversely, consideration of reality exclusively and forgetting ideals cannot be described as pertinent politics.

With regard to the national security policy, one of the necessary things is to analyze and evaluate the various domestic and international conditions at hand and to draw out a realistic policy from the said analysis/evaluation. There should not be such wide divergence in recognizing the objective conditions. Thus there should not be a significant gulf between the national security policies advanced by various political parties. (In reality, the survey of the security policies of various states of the world indicate that there is very little difference among the various political factions.) Secondly, it should be recognized that the ideals or goals of security policy is set forth in the Constitution in an abstract sense, and the various political parties ought to pursue plans for their concrete implementation. Thirdly, real effort should be made to seek steps=processes that would bridge reality and ideal plans=objectives.

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Would It Be Possible To Draw Various Security Policies Closer Together?

Let us examine the state's security policy and those of the various political parties. First of all, the State/Liberal-Democratic Party advocates peace diplomacy, adherence to the Japan-U.S. Mutual Security Pact, and maintenance of a minimum necessary self-defense capability. I believe that these are quite realistic and wise selections, but it lacks projection into the future. There is little indication of where to go from here. Unless such projection is present, it would be difficult to obtain sufficient popular support for the state's security policy. Moreover, repeated public statements to the effect that we will not become a military power cannot elicit sufficient trust from foreign states. The Democratic Socialist Party has a clear, realistic policy and their political objective is the deletion of the Japan-U.S. Mutual Security Pact's Far East Clause and security without stationing of troops. However, the party's overall objective has not been formulated fully as yet. The Komeito Party is attempting to construct both the ideal picture and realistic policy; but in terms of content, both are ambiguous. The Communist Party has declared a somewhat middle ground objective; on the other hand, its long-range ideals appear to me to be left vague on purpose.

It is not clear if the Socialist Party regards demilitarized, neutral theory as its goal or as its realistic policy, but I cannot regard it as a realistic position in the current international context. The results of several actual surveys demonstrate that among the Socialist Party supporters, 72 percent (1972 Prime-Minister's Office Survey) to 78 percent (1977 Defense Agency Survey) recognize the necessity of the Self-Defense Force. From these figures, the popular understanding appears to be more advanced than that of the Socialist Party. If we look upon the demilitarization/ neutrality argument as a goal, the State/Liberal-Democratic Party and the Socialist Party appear to be completely at odds with one another. But in actuality, the dimension of their claim is different.

At the beginning of the decade after World War II (1945-1955) when the Ishibashi Plan was published, it received the tentative attention of the mass communications media because it was believed that the plan stipulated demilitarization and neutrality as its goal and elaborated on the process to achieve those ends. Toward the end of 1955, the then Socialist Diet members [Den?], Hata, Narazaki disclosed a plan for three-step dissolution of the Self-Defense Force and the Japan-U.S. Mutual Security Pact. The Socialist Party's Special Council for Alternative to Security Pact/Self-Defense Force hammered out a security policy based on a similar dissolution-by-stages formula. These are indications that they realized the importance of "process." However, when we are discoursing on such process, it is not enough to simply list the steps that Japan should take; it must be related to the international relations environment which is the indivisible part of that process. What type of international relations situation enables a given process to take place; or what to do in case of adopting a given

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policy if the international relations scene does not move as anticipated. International relations are not subject to our desires and they are very volatile. It is dangerous to hypothesize international relations hastily or wistfully, and such hypotheses cannot be regarded as realistic policies.

As mentioned above, constitutional interpretations can be varied, but so long as we recognize that pacifism is its ideal, if the various political parties would differentiate ideal from reality and the process--the connecting force between them--in conducting their debate, I believe that the security policies of respective parties could find considerable rapprochement.

3. Theory of Threat and Theory of International Relations

Because military threat exists among countries or else because such a menace is a possibility in the future, one must have defense power. If we have defensive power, then even if there is aggression, we can meet it (or protect ourselves from it). Rather the fact that defensive power is established during normal times acts as a deterrent to aggression. This is the accepted viewpoint. Among modern civilized states, once there is outbreak of war, the damage would be tremendous. The current thinking regards defensive power, not as a war waging potential (ability to meet force with force) but as an ability to check war. Ordinarily it is thought that having sufficient ability to meet force with force is equivalent to sufficient ability to checkmate. For a long time I questioned whether or not this ability to meet force with force and ability to checkmate are of identical content. I have not as yet arrived at a satisfactory answer.

Threat is made up of the opponent state's (or states') intent and military capability. But intention of another state(s) is unclear and even if we understood it, it is subject to change. Therefore, regardless of the intent of the other state(s), defense potential must be established with the military capability of the other state(s) in mind. This is the accepted view in foreign countries. Then the concept of military balance comes into play. That is to say, if there is balance in terms of military strength between two or more opposing states, war becomes less likely.

The preceding paragraphs dealt with what might be termed military common sense regarding the maintenance of defense power. Let us call this the threat theory. Though no particular conclusion was reached by the state nor the Defense Agency, the backdrop of Japan's defense plan up until 1976--the year the Fourth Defense Power Consolidation Plan expired--was this kind of threat theory. Based on this perspective, one's defensive potential necessarily becomes large-scale. Moreover, I think it is doubtful that the resulting sense of security is satisfactory. (Military experts will probably claim that if necessary, a large-scale build-up must be countenanced.)

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Generally speaking, it is true that this threat theory does contain the above described aspect. But would it be appropriate to apply this theory to our country?

The thinking in the "Basic Defense Power Plan" which provided the background for the 1976 "Outline for the Defense Plan" is as follows: The intentions of surrounding states are unknown or are subject to change; but there are objective conditions which restrict the exercise of their military power. By pursuing these conditions and in so far as these conditions do not significantly change, we can satisfy ourselves that a large-scale military aggression toward Japan will not arise. But there is a possibility of error in analyzing these conditions or a sudden change in the international situation. Thus the defensive power that we should consolidate must be dynamic. And we should define the content and size of minimum defensive power that we must always maintain as an independent nation without special reference to the military capabilities of the surrounding states. In this manner, a concept of "peacetime" (period in which afore-mentioned conditions are present) defense power was born. (For details, see "Defense White Paper for 1976, 77 and 78) This is a somewhat modified threat theory.

What Is Appropriate Defense Power?

I would like to stress, at this point, a fact that the role of defensive power goes beyond the ability to meet force with force and/or ability to check--threat based functions--and that it is capable of maintaining international peace. (I have touched on this topic in "The Plan for Basic Defense Potential.") At least among the principal countries of the world today, there is a network of security pacts both in the East and the West. A military shock on a segment of it would reverberate throughout the entire network structure. There is then a system wherein such an act is not easily initiated.

But in order for the network as a whole to function in this manner, the United States and the Soviet Union which form its core must have sufficient military strength; and in addition, the respective countries that make up the network must perform their assigned parts (defense roles). I believe that an individual state in fulfilling its role as a participant in the global strategy--rather than countering a specific threat--is contributing to that country's, as well as the regional and finally world-wide stability and peace.

To create a weak spot, a vulnerable point in this network not only endangers the safety of one's own country but will harm other states and other regions as well. In considering the Japanese problem, in order for Japan to assume the role described above, she does not have to have an extensive military power. I think it is sufficient if we can fully realize the content of "The Outline of the Defense Plan" formulated by the state.

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Furthermore, in order for a country to maintain its safety, regional tension must not be aroused. Though Japan is a thoroughgoing pacifist since the war, other countries are not fully convinced of our pacifism because of our military actions overseas prior to World War II. Based on this perspective, for Japan to possess extensive military power predicated on the threat theory would instill uneasiness and fear in the fellow Asian states and might possibly add to the regional tension. On the other hand, if Japan's defensive power becomes weak and there is no Japan-U.S. Mutual Security Pact, then the afore-mentioned global network cannot be effective and the situation will cause great anxiety in various Asian states outside the network. Therefore, the Japanese defense potential that can be considered desirable within the context of Asian international relations is the appropriate one for us. Though this is certainly not concrete, we can conclude that a significant departure or jump away from the status quo is not desirable.

In order to maintain national security, a country must indeed possess power; but if such power is lacking, it is wise to borrow it from an ally. But to enlarge one's own power in response to the opponent's power can lead to interminable competition. Therefore, though having power is indeed important, we must strive to lessen the antagonism and threat of an opponent at the same time. This then is peace diplomacy whereby a structure for maintaining peace with the neighboring states is built up; and in the military sector, it takes the form of arms control or arms reduction.

Considering consolidation of defensive power from this kind of perspective, then, is called the international relations theory of defensive potential. Traditionally, the military experts' demand for enlarging defense potential was based on the threat argument. The United States House of Representatives members who visited Japan in November 1978 wanted to increase Japan's defense fund in response to the Soviet Union's move to strengthen its military potential. Their urging was based on the international comparison of defense budgets and was also related to their wish to correct the U.S.-Japan trade imbalance. But under the current international situation surrounding Japan, we need to examine our defense potential from above-noted international relations data and to consider the construction of an appropriate system.

4. International Responsibility

Japan's defense budget seen in ratio to the GNP was at its peak in 1952 at 2.78 percent. Thereafter, it was severely curtailed and dropped to below 1 percent in 1967. Since then, it has been 0.8 to 0.9 percent until now. The ratio of major items in the General Annual Estimated Expenditures for the past 12 years reveals that the defense spending has decreased from 7.7 percent to 5.5 percent, while Social Security related expenditures rose from 14 percent to 19-20 percent. Education and science promotion expenditures have remained the same at 11-12 percent and public works related expenditures was 14-20 percent, fluctuating from year to year.

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Let us look at the international comparison. In 1977, Japan's defense fund of 1.690 trillion yen was the ninth largest in the world. But in terms of GNP ratio, Japan's 0.9 percent is the lowest figure for the 30 major countries. Western states are said to spend 3-5 percent and the Soviet Union, 11-13 percent for defense. Per capita defense cost is 54 dollars for Japan, 523 dollars for the United States, and the 200 dollar level for major NATO countries. In neutral Sweden, it is 343 dollars. Having cited these figures in detail, the aforementioned United States House of Representatives members visiting Japan focused on Japan's lack of defense effort.

With regard to Japan's defense fund, when the government formulated "The Outline of Defense Plan" in 1976, it was decided that "the defense spending will not go beyond 1 percent of GNP." The state probably wanted to establish a temporary defense budget and as at that time 0.8-0.9 percent was the norm for the preceding 10 years, the amount not in excess of 1 percent was thought to be adequate for the time being. Actually, bringing the figure close to 1 percent would yield approximately 200 billion yen leeway. As the major portion of this amount is applied to things other than labor cost, it is not a mean margin. But there is a criticism both within and outside the country to the effect that fundamentally, the defense budget should be decided by comparing the need with source of revenue; and it is inappropriate to establish a defense budget framework from a fiscal standpoint alone without examining the need.

A certain powerful United States senator made a strong speech at the Senate's plenary session year before last that, "Japan should increase its defense budget to 1.15 percent within a 5-year period. Implementation of the State Plan alone should bring the figure up to 1.5 percent."

The recent tendency in the United States is to great significance to the change in the Japanese defense environment in the past 2, 3 years and to allude to the possibility that Japan would increase its defense budget and defensive capability by a wide margin in the near future. We ought to interpret Ambassador Mansfield's judicious comments of November 1978 made in the United States as an attempt to quell this new wave of thinking within the United States. His comments were not primarily directed toward the Japanese.

As demonstrated in the "Basic Policy for National Defense," the state has always considered the question of security in the context of gradual increase of defense capability and other policies. But the relationship between defense potential and other measures is vague, and with the exception of the diplomatic arena, we cannot say that the state has adopted measures with due reference to the security question. Then came the "oil shock" [petroleum crisis]. Resources are scarce and the concept of economic security again became the dominant concern. A feeling that Japan is quite fragile in emergency situations and that we need a comprehensive security

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policy increased. A cry for strengthening the National Defense Council by means of reorganization along with strengthening of civilian control has its origin in such a demand.

How Much Is Needed for Defense?

As an argument for comprehensive security policy grows stronger, moves to pin it down on the cost front have emerged. For example, Nomura Comprehensive Research Institute's research--"Changes in International Environment and Japanese Response--Suggestions for the Twenty-First Century"--of December 1977 suggests as follows: With regard to the following six categories--(1) energy, major mineral resource and agricultural products stockpile; (2) development of energy, raw material resources; (3) large-scale technological development of new sources of energy; (4) defense budget; (5) state aid for development; and (6) cultural exchange--GNP ratio of 1.66 percent for 1975 should be upgraded to 3-3.5 percent by 1985. Mr Yasuhiro Nakasone of the Liberal-Democratic Party also advances a simplified version of the same idea.

I would like to consider this matter in conjunction with Japan's international responsibility. The fact that we are beginning to possess real power as an economic giant means that we are ready to assume responsibility for world stability and prosperity. Various countries of the world are demanding it of us and unless we can respond, we will not be able to have world trust nor cooperation; and there will be no progress in a long-term sense. Nevertheless, in view of our Constitution, we cannot offer military cooperation to other states in acts involving use of arms; and in view of our avowal of pacifism, we have avoided contributing to military technology.

Thus, I would like to carry the discussion from the standpoint of performance of international responsibility and not merely from the perspective of comprehensive security budget solely for national safety; and I would like to select the items pertinent to Japan's security which at the same time, contribute to regional stability and development and regard these as the security related budget items. In today's world, the major European countries are spending 3-5 percent of their GNP for the military budget alone; therefore, it would seem fair to allocate 3 percent of Japan's GNP toward national security related expenses (in a broad sense). Otherwise, we would not be able to escape criticism that Japan is merely getting a free ride on the U.S. coattail in regard to the Japan-U.S. Mutual Security Pact, and also that she is stealing a ride on world peace which is the key to Japanese development.

The national security related expense items I refer to are self-defense cost, international cooperation cost, and technical development cost. The ratio of government spending vis-a-vis GNP for these categories are 0.9 percent, 0.2 percent and 0.5 percent respectively--a total of 1.6 to 1.7 percent.

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My suggestion is to increase this ratio to 3 percent by an appropriate time sometime in the 1980's. It would be difficult not to determine the respective shares these items are to have, as they might vary according to circumstance.

The international cooperation cost here refers to the government's overseas development aid. The state has promised to double the expenditure in this category in several years. The OECD Development Aid Committee in which Japan is a participant has advised that ODA (Overseas Development Aid) be raised to 0.7 percent of GNP by 1985. This is approximately three times the current Japanese liability.

Moreover, the ratio of government research expenditure in the context of total research cost is about 30 percent for Japan, and that includes funds of local public bodies. In contrast, the Western powers expend 40-60 percent, quite a high figure when compared to Japan's (1978 "Science and Technology White Paper"). The defense budget's international comparison is as stated above. I believe that its ratio of growth ought to be held down and that would be sufficient.

Relationship Between the West and Asian Countries

Japan's international responsibility refers to her contribution not only to regional but to a broader perspective of world stability and prosperity. Now, in the Asian context, the said national security refers primarily to political, social and economic stability within a given state, rather than war between countries. This is true not only of the Southeast Asian states but Korea as well. From this standpoint, to enlarge Japanese economic aid and increase the stability of these states and thus to reinforce stability in that region would ultimately result in promoting Japanese national security.

Moreover, from the standpoint of our own national security, we need to invest heavily in technological development in the energy field. International cooperation in this sector is also needed. On the other hand, various Asian countries are encroaching upon the domains of the majority of Japanese manufacturing interest. But, Japan with interest in stability and prosperity for the rest of Asian states, and Japan that is attempting to establish co-existence and co-prosperity, ought not to place itself in a competitive relationship with other Asian states with identical manufacturing interest. Therefore, we should concede the high labor industries to them gradually, and Japan must shift its emphasis onto intensive information industries. But then, it would lead to a competitive relationship with the West. This makes investment in technological development more necessary than ever. Advancement of Japan's technological capability may lead to enlargement of the area of cooperation between Japan and the West. The Soviet Union and China would probably increase their reliance on Japan, and this, too, would contribute significantly in favor of Japanese national security.

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I have already stated that defensive capability does not only provide military defense of our country but contributes to stable international relations. In considering a comprehensive security plan, the 1 percent defense budget propriety question is not too meaningful.

We might also include petroleum stockpiling in this national security related expenses. Enlargement of the petroleum stockpile is diplomatic strength; and in case of emergency, facilitates international cooperative action. It means improvement of stockpiling methods--among them transition to underground storage tanks--which in turn will strengthen the national security capability of Japan. The traditional format, however, has been a formula whereby stockpiling was the responsibility of the civilian sector; government spending in this category has been meagre--as stated before, less than 3 percent. But, if with increased stockpile volume and/or improved method of stockpiling, the government spending in this classification should mushroom, we may have to tabulate it as another expenditure category. On this point, I shall await future governmental examination.

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POLITICAL AND SOCIOLOGICAL

DIET SPEAKER NADAO FAVORABLY REACTS TO DENG'S INVITATION

Tokyo YOMIURI SHINBUN in Japanese 13 Feb 79 Morning Edition p 2 OW

[Excerpts] House of Representatives Speaker Nadao, who has only recently assumed the speakership, appears to be trying to take a flexible attitude toward China in his capacity as speaker. Although he appeared embarrassed by Beijing's "warm overtures," which include an invitation to visit China extended by Vice Premier Deng Xiaoping during the latter's recent visit to Japan, Nadao said, "China is Japan's treaty-bound friend; it should be good to be friendly toward a friend."

Nadao, one of the core leaders of the pro-Taiwan forces, has heretofore been "at odds" with China, cautioning against the normalization of relations with China and the signing of the peace and friendship treaty with Beijing.

On 9 February he resigned as chairman of the Liberal Democratic Party's [LDP] Dietmen's Consultative Council of Japan-China (Taiwan) Relations and Asian Affairs Research Council. His new job compelled him to resign the two posts. However, he said, "as a private politician warmly sympathizing with Taiwan, I have not changed my way of thinking." Now he is the Diet speaker, a public post which makes it incumbent upon him to be friendly to all in the world. Showing an unvacillating attitude, he said that he would have no reason to turn down an invitation if China sent him an official invitation.

At the 7 February banquet hosted by Prime Minister Ohira in honor of Vice Premier Deng Xiaoping, Nadao met Deng for the first time.

"Congratulations on your inauguration, Mr Nadao," the Chinese Vice Premier said.

"Thank you, and welcome to Tokyo," said Nadao.

As a matter of fact, everyone was curious to see how the first encounter between the pro-Taiwanese speaker and the Beijing leader would turn out. To everyone's surprise, the two shook hands and started out their encounter

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beaming with smiles, in the thick of the party the two exchanged animated conversation on their age and suddenly Deng asked Nadao, "how about visiting China at your convenience?"

Analyzing the "smiling tactics" launched by the Chinese side toward speaker Nadao, an official associated with Japan-China relations has said, "probably, they are hoping that Mr Nadao, a close friend of Taiwan leader Chiang Ching-kuo, will assume a mediator's role in achieving Taiwan's peaceful unification with the mainland."

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POLITICAL AND SOCIOLOGICAL

'MAINICHI' COMMENTS ON SOVIET-JAPAN ECONOMIC MEETING

Tokyo MAINICHI DAILY NEWS in English 15 Feb 79 p 2 OW

[Editorial: "Soviet-Japanese Economic Meet"]

[Text] The fourth joint meeting of the directors of the Soviet-Japanese Economic Cooperation Committee opened in Tokyo Wednesday for three days. In September 1977, the seventh cooperation committee meeting was held under political tension resulting from the MiG-25 incident, in which a Soviet Air Force pilot defected by flying his top secret aircraft to Japan.

This time again, the directors meet at a time of political tension, caused by the conclusion of the Sino-Japanese peace and friendship treaty. We can see a positive attitude on the part of the directors, who apparently want to steadily promote economic cooperation even in the politically cool atmosphere. We attach importance to this meeting because any opportunity to improve relations between Japan and the Soviet Union must be taken under the present circumstances.

All the participants in the meeting are men of importance. Especially, the Soviet Union took into account both "quality and quantity" in selecting its representatives, indicating that Moscow is hoping for positive achievements from the meeting.

We do not expect such gigantic projects as Tyumen oilfield development or construction of a second Trans-Siberian railway to be among the current economic cooperation projects. The Soviet Union wants to discuss the development of practical projects.

The participants are discussing construction of a paper-pulp industrial complex in the Far East; modernization of a paper-pulp plant in Sakhalin; expansion of a container terminal at the Vostochnyy port in Sakhalin and four other projects.

At first glance, the Soviet Union seems to have given priority to such projects as may be in its own interest. Another look at the five projects now

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under development, however, will show that they closely concern Japan because Japan will be able to import natural resources--coal, natural gas, wood, and chips for pulp--when the projects are completed.

It is a fact that "Siberian fever" is no longer prevalent within Japanese economic circles; and judging from the present relationship between Tokyo and Beijing or Tokyo and Moscow, the Japanese and Soviet representatives may not enjoy mutual good-will. We believe, however, that, apart from political relations, the Soviet Union and Japan must improve their economic relations. We find significance in the meeting of the Soviet-Japanese economic cooperation committee under the principle of "separation of economic matters from political affairs."

We take note of the Soviet way of thinking--to skillfully utilize the principle by dispatching a high-power delegation. It must be remembered that the Soviet delegates are "purely government officials" due to the Soviet political system; while the Japanese representatives are ordinary businessmen, although the Japanese Government is in close contact with them as an observer. We wonder if this is the best available format for promoting economic relations between the two countries.

It cannot be helped that Japanese economic circles' attitudes are influenced by the current cool political relations, the future of which is obscure. The Soviet delegates, even though they rank as first deputy premiers, do not have free hands in various aspects.

In opening this type of meeting, both the Soviet and Japanese representatives need as much information as possible on each other. In this sense, we consider the Japanese proposal calling for regular economic ministerial meetings worth studying. The proposal was made by then Japanese Labor Minister Hirohide Ishida, during his visit to Moscow in June 1977.

We believe that such regular ministerial meetings would enable the two countries to have talks of economic frictions, including Soviet "dumping" as regards freight charges, and pave the way for closer economic cooperation.

The Japanese Government must do its utmost to restore political relations between the two countries. We hope that the inseparably close economic relationship between Tokyo and Moscow will provide a breakthrough in this respect.

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SOVIET AMBASSADOR GIVES VIEWS ON JAPAN-USSR RELATIONS

Tokyo YOMIURI SHINBUN in Japanese 18 Feb 79 Morning Edition p 9 OW

[Text] In an interview on 17 February with SHUKAN YOMIURI, Soviet Ambassador Polyanskiy gave his views on the Japan-USSR relations and the present international situation. During this interview, the Soviet envoy referred to the recent release of Ishkov as Soviet fish industry minister and said: "Mr Ishkov retired and began a new life on pension because of his advanced age--74--and poor health in the recent period." He thus indirectly denied earlier reports attributing Ishkov's release to a slump in the Soviet fishing industry.

Polyanskiy made clear that there will be no change in the Soviet policy regarding its fishing relations with Japan under the new minister by emphasizing that "Soviet policies on fishing are determined by the government, not by a minister. The USSR will continue its efforts for a satisfactory settlement of the Japan-Soviet fishing problems."

Meanwhile, in connection with a Diet resolution demanding the removal of Soviet military bases from northern territories, which the Diet is expected to adopt on 20 February, the ambassador reaffirmed the Soviet position that "Japan and the USSR have no unresolved issues between them." He again showed the firm attitude of the Soviet Union in this respect, saying that affairs involving the two islands (Etorofu and Kunashiri) are part of the domestic affairs of the USSR, and whatever we build on them, no one is allowed to interfere."

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POLITICAL AND SOCIOLOGICAL

'ASAHI' DISCUSSES JAPAN-USSR ECONOMIC COOPERATION

Tokyo ASAHI EVENING NEWS in English 20 Feb 79 p 2 OW

[Editorial: "Japan-USSR Cooperation"]

[Text] The fourth joint meeting of the directors of the Japan-Soviet Union and Soviet Union-Japan economic committees was held last week in Tokyo to discuss Japan-USSR economic cooperation centered on development of Siberia. The purpose was to lay the groundwork for resolving problems in preparation for the eighth joint meeting of the two committees which will be held in Moscow in September or October this year.

Although it was a joint meeting of directors, the Soviet Union sent a big team of 17 members. In the discussions, the Soviet Union showed great enthusiasm by proposing three new long-term, large-scale projects. One was the construction of an integrated steel mill in the Far East. Another was the development of the Udokan copper mine and construction of a copper smelting plant. The third one was construction of an asbestos factory in Molodezhnaya.

This is noteworthy as having clarified the Soviet stand of aggressively promoting Japan-USSR economic cooperation in the future. Prior to the signing of the Japan-China treaty of peace and friendship, the Soviet Union warned Japan from time to time and in some cases even hinted at "retaliatory steps" in order to place restraints on the Japan-China treaty. Two theories were naturally born within Japan concerning what actions the Soviet Union would take. There was a confrontation between cautious observers who worried that Japan-USSR relations would deteriorate and the opinions of the Foreign Ministry and others that there would be no major difference.

But the events after the signing of the Japan-China treaty showed that the latter opinion was correct, at least as far as working-level relations were concerned, and up to now no adverse effects have appeared. The three governmental discussions--the Japan-USSR coastal trade conference in September 1978, the annual trade conference in October and the Japan-USSR fishery agreement discussion in November--were all carried out as scheduled. It can be said that this trend became clearer with the latest Tokyo meeting.

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This is a welcome phenomenon for the development of Japan-USSR relations. But in order to promote economic cooperation, enthusiasm alone is not enough. The problem is the economic feasibility of individual projects, but as long as the Soviet Union sticks to the system of paying with resources or goods to be developed or produced, it will be difficult to speedily implement the new projects. Taking this into consideration, the memorandum used the subtle expression that the new proposals will be "carefully studied." Among the three proposals, it can be considered that the asbestos factory is the only one with the possibility of becoming a project in the near future.

Japan-USSR economic cooperation welled up from the latter half of the 1960's to the first half of the 1970's, and up to now Japan has extended loans for seven projects totalling \$1,470 million. Practically all the projects tied the superior industrial ability of Japan to the rich buried resources of Siberia, and they were mutually complementary. But today when economic cooperation has entered the second stage, difficult conditions have increased.

In the background of the fact that the Soviet Union is hoping that Japan will accept the goods produced by the industrial plants exported by Japan as payment for the plants, there is the urgent situation that the accumulated debts to the Western nations have increased suddenly. But it is difficult for trade to be profitable unless there is a mutually complementary relationship. We feel that if the Soviet Union really wants Japanese cooperation for the development of Siberia, there is need for the Soviet Union to be more flexible in its payment method.

It should be recalled that the long-term Japan-China trade agreement, which is the nucleus of Japan-China trade, places great emphasis on helping each other. It follows the payment formula of individual payments for exports and imports. Since the key to whether there will be any big increase in Japan-USSR economic cooperation is this point, we would like to ask for greater efforts on this issue by those concerned.

In Japan many people think that Japan should sign a long-term economic cooperation agreement, as long as Japan is not placed in a disadvantageous position, as a step to overcome the stalemate in Japan-USSR economic cooperation. But the Japanese Government is taking a cautious stand on signing such an agreement, judging that there are not a few problematical points in connection with joint enterprises and conditions for loans by government agencies. We also support this policy of caution. We feel that Japan-USSR economic cooperation should stress realistic solutions and should be promoted step by step.

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'YOMIURI' EDITORIAL VIEWS JAPAN-USSR ECONOMIC TALKS

Tokyo THE DAILY YOMIURI in English 17 Feb 79 p 2 OW

[Editorial: "Siberian Projects"]

[Text] The Soviet Union has big but doubtful projects for development of Siberian resources and Japan is the country it wants to help them. The Soviets think it should be possible for Japan to sink billions of dollars if economic matters are separated from political difficulties. That it is not that simple was proved by the result of the three-day Japan-Soviet economic talks that ended in Tokyo Friday. Not much really was expected of them even though the Soviets came with gigantic projects--steel mill, copper mine, and asbestos development.

Soviet expectation was high regardless of difficult political relations between the two countries. They apparently thought prospects of economic gains should be enough for the Japanese side to ignore the diplomatic difficulties the two countries have in their relations.

As the two sides were sitting to talks, the Japanese Diet's Okinawa and northern territory committee met and adopted a resolution asking for removal of the Soviet military bases on Kunashiri and Etorofu islands. But the Soviets seemed completely oblivious of the difficulties the territorial problem has been causing the Japan-Russia relations.

It must be clearly realized that separation of economics from politics in this case will simply not work. This is not to say the two countries should not economically cooperate. What is to be stressed is that the Soviets must recognize the existence of political difficulties. After all, economic relations do depend greatly on diplomatic relations.

Economic Difficulties

Diplomatic problems apart, there are some very serious economic considerations too. All the projects the Soviets have in their mind are not going to prove gold mines to Japan.

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Just two points should be enough to explain. First, undeniably the Siberian region itself has a lot of problems of physical nature such as lack of communication and transportation. The other point is the Soviet inability to find enough funds needed for their projects. They want Japan to provide all that is needed now and propose to repay with future products from the projects. As long as there is demand for these products there should be no objection to this proposal.

But Japan cannot let itself to be bound to a long-term purchase commitment. This is not economics. The Soviets, we hope, will talk what makes economic sense. Any project of economic cooperation must be mutually beneficial.

Needless to say, Japanese enthusiasm about the Siberian projects, first proposed 10 years ago, has considerably cooled not only because of deterioration in our diplomatic relations but also because the projects themselves have not been sufficiently convincing. Projects should be reasonable and smaller in size to be financially manageable.

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'ASAHI': JAPAN GETS INFCE APPROVAL FOR PLUTONIUM USE

Tokyo ASAHI EVENING NEWS in English 14 Feb 79 p 1 OW

[Excerpts] Japan's desire to burn plutonium obtained by reprocessing spent nuclear fuel in a lightwater reactor has been approved by the International Nuclear Fuel Cycle Evaluation (INFCE), according to government sources on Tuesday [13 February].

Japan will accordingly push for the revision of the Japan-U.S. nuclear energy agreement in the negotiation that got under way in Tokyo on Tuesday, the sources said.

The sources said that a report on the combustion in the light-water reactor of plutonium obtained by reprocessing spent nuclear fuel would be compiled soon.

The same sources said that Japan would continue trying to persuade the United States to agree, and would give stronger assurances that such technology would not be used for the manufacture of nuclear weapons. Through this process, Japan will be able to economize greatly on enriched uranium.

Japan is planning to burn plutonium on a trial basis at the Mihama nuclear power generation plant of the Kansai Power Co. and introduce the technology on a full scale after 1990.

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POLITICAL AND SOCIOLOGICAL

BRIEFS

- VIETNAM RELIEF FUND DRIVE--The Japan-Vietnam Friendship Association announced on 11 February that the fund drive called by the association to relieve the damage caused by big floods in Vietnam last year, reached 6,180,000 yen in the past 3 months. In the fund drive conducted at the same time for the movement to send textbooks of the Japanese language, the association said, 1,490,000 yen were collected so far. The widening of support for the fund drive at the time when the border dispute between China and Vietnam has aggravated, and the anticommunist, anti-Vietnam and antisocialist countries propaganda has multiplied on the Cambodian issue, reflects the strong sense of solidarity with the Vietnamese people, said the association leadership, of the Japanese people, who alertly grasped the seriousness of the situation. [Text] [Tokyo JPS in English 0922 GMT 12 Feb 79 OW]

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MILITARY

GSDF 7TH DIVISION TO BECOME ARMOR DIVISION IN 1980

Tokyo THE JAPAN TIMES in English 27 Jan 79 p 2

[Article by Masanori Tabata: "Impressive Review Marks New Era in History of GSDF's 7th Division"]

[Text]

More than five dozen tanks, armored personnel carriers and other tracked armored vehicles rumbled in imposing formation across the snow-covered fields of southwestern Hokkaido one day last week.

It was a customary review for the visiting Defense Agency director general — this time Ganri Yamashita, who assumed the post last month. It also marked the beginning of yet another transformation of the celebrated 7th Division.

Of the 13 divisions of Japan's Ground Self-Defense Force (GSDF), the 7th Division is the only fully mechanized unit. And preparations are under way to reorganize it into a full-fledged armor division in fiscal 1980.

This division, GSDF officials said, has been deployed in Hokkaido, Japan's northernmost main island, facing the Soviet Union and North Korea across the sea, because Japan has traditionally attached importance to efforts to counter threats from the north in drawing up its national defense plans.

The 7th Division was originally designed to serve as a model for the rest of the divisions when it was transformed into a mechanized unit from a mixed brigade in February 1961.

The division, the pride of the GSDF, is stationed at Chitose, southeast of Sapporo, and has about 1,400 vehicles, including 400 fully tracked vehicles — tanks, self-propelled artillery pieces, and armored personnel carriers (APCs).

The division's three infantry regiments can be transported to a battlefield aboard vehicles under direct divisional command without support from outside, a division staff officer said.

The vehicle-carried infantrymen are supported by one field artillery regiment, equipped with tracked howitzers of 105 mm- and 155 mm-calibers and anti-tank guns, and one tank battalion of some 60 tanks.

The division, responsible for the defense of the southern part of Hokkaido, is one of the four front-line divisions under the command of the Northern Army, headquartered in Sapporo.

The three other infantry divisions of the conventional type in Hokkaido are the 9,000-strong 2nd, 7,000-strong 5th, and 9,000-strong 11th, defending the northern, eastern and central sectors of Hokkaido, respectively.

Under the 7th Division's reorganization plan, its troops,

minus one infantry regiment, will be combined with the existing 1st Tank Brigade, stationed at Kita-Eniwa, north of Chitose. The new tank division, to be called the 7th Tank Division, will thus have four tank regiments and two mechanized infantry regiments.

The third infantry regiment skimmed off the 7th Division's units will be redeployed independently in Kyushu, the southernmost main island, separated by the sea from China and South Korea, to augment the hitherto neglected defenses of western Japan.

This measure, however, might rob the division of ~~flexibility in operation~~ from a tactical standpoint, a staff officer at the Northern Army headquarters said.

Since the projected 7th Tank Division will consist of four tank regiments and two fully mechanized infantry regiments, the ratio of tanks to infantrymen — when compared with that of other divisions of the conventional type — would be drastically increased. But this may put the commanders of the 7th Tank Division in an awkward situation in time of war, the staff officer said.

A new doctrine of armored warfare emerged after the

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sensational defeat of Israeli tank forces in an ambush by Egyptian foot soldiers armed with Soviet-supplied anti-tank missiles at the outset of the 1973 Arab-Israeli war.

Since then it has been held that a tank unit should be accompanied by a sufficient number of infantrymen aboard armored personnel carriers (APCs) as escorts for the tanks.

The projected 7th Tank Division will be weak in terms of manpower. (There will be no increase in the present 7,000-man 7th division as the GSDF has been chronically understaffed.)

So from a tactical viewpoint, the projected formation of the armored unit is hardly ideal, the officers said.

Meanwhile equipment throughout Hokkaido is being modernized. The latest

Japanese designed Type-74 main battle tanks (MBTs) have been delivered to the four divisions on Hokkaido, including the 7th Division and the 1st Tank Brigade.

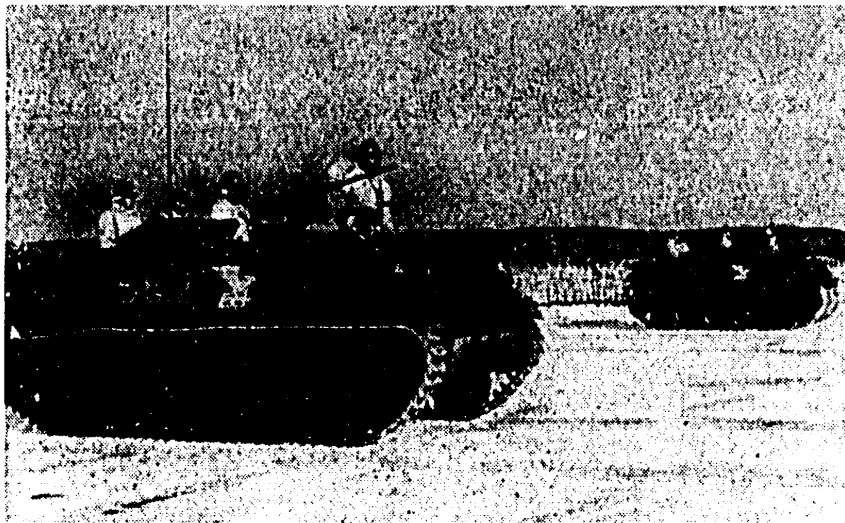
So far about 120 Type-74 MBTs have been sent to Hokkaido. This model is generally regarded to be more than a match for most of its contemporaries, such as the Soviet mainstay tank T-62A. It is equipped with a laser-guided, computer-controlled 105 mm gun.

The Korean War vintage M-41 "Walker Bulldog" fast reconnaissance tank with a 76 mm gun has been phased out. There are only seven American M-41s among some 70 tanks in the 7th Division's 7th Tank Battalion. The rest include some 20 Type-74 and 40 Type-61 tanks.

The mainstay 90mm-gun Type-61 MBTs, also of Japanese design, are being gradually replaced by the new and more powerful Type-74s. (They are to remain in the inventory of divisions in other parts of Japan.)

Some military experts doubt the wisdom of forming a single tank division by simply combining the 7th Division and the 1st Tank Brigade.

There are many arguments over whether Hokkaido would become a major battleground should Japan be attacked by a foreign power in the future. But most GSDF leaders firmly believe that a large-scale battle between armored forces would ultimately be fought on Hokkaido in the event of a war because of the generally flat and open terrain.



Armored personnel carriers of the 7th Division, the nation's only fully mechanized unit, soon to be reorganized into an armored division, rumble across the snow-covered drill grounds on Hokkaido. The troops are commanded by the Northern Army, which is responsible for the defense of the north.

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MILITARY

FOREIGN MINISTRY SOURCE SAYS NORTHERN ISLANDS HAVE NO MILITARY VALUE

Tokyo TOKYO SHINBUN in Japanese 10 Feb 79 Morning Edition p 2 OW

[Text] A Foreign Ministry source said on 9 February that "Kunashiri and Etorofu have no military value." On 5 February the Foreign Ministry had filed a protest with the Soviet Government against Soviet troops deployed and airbases built on these two islands, demanding their removal. Since then the ministry has been analyzing Soviet intentions behind their moves.

The bold 9 February statement by this Foreign Ministry source may be interpreted as an interim report on this analysis. As a reason for the two islands having no military value, the same source pointed to the development of reconnaissance satellites and missiles. He thus denied the importance of the islands as airbases. Concerning the report that the Soviet Union was trying to make the sea of Okhotsk an inland sea to facilitate movements of missile-carrying submarines, the source expressed a negative opinion, pointing out that the United States and the Soviet Union shadow each other's submarine movements, rendering it difficult to keep these movements secret.

In the recent protest to the Soviet Union, the Foreign Ministry made no mention of a possible military threat to our country but criticized the USSR from the point of view of the territorial issue. At that time, the same source said this was because the Soviet bases on the two islands were not regarded as a current threat to Japan. The 9 February statement was an elaboration of this view.

However, only 20 kilometers separate Kunashiri from Hokkaido at the narrowest point--Nemuro Strait--and no one can totally rule out the possibility of the Soviet Union's reinforcing its combat troops on Kunashiri and using the island as a stronghold for surprise landing operations on eastern Hokkaido. Thus the controversy over the military value of the two islands is liable to drag on.

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ECONOMIC

'ASAHI' JAPAN GOVERNMENT TO 'FULLY SUPPORT' MITSUI PROJECT IN IRAN

Tokyo ASAHI EVENING NEWS in English 14 Feb 79 p 1 OW

[Text] The government will fully support the large petrochemical project undertaken in Iran by the Misui group of companies, the fate of which is jeopardized by the political turmoil in that country, a government source disclosed Tuesday [13 February].

The government believes that, once the new government of Premier Mehdi Bazargan has become firmly established, the production of oil may be resumed earlier than expected, the source said.

The government intends to help the Mitsui group go ahead with the petrochemical project, a joint plan with Iran, so that Japan can secure a stable supply of oil from that country. Talks will be started on Japan's economic cooperation as soon as Tokyo has extended diplomatic recognition to the new Tehran regime, the source added.

The Ministry of International Trade and Industry is fairly optimistic about the new Iranian Government's attitude toward Japan. MITI officials point out: (1) That Japan's Idemitsu Kosan, defying opposition from international oil majors, once bought crude from Iran's national oil company when Bazargan was its president and Bazargan is believed to have relatively strong relations with the oil industry here; and (2) That an influential economic adviser to Ayatollah Ruhollah Khomeini has approved the construction of the petrochemical complex since it will result in the production of consumer goods needed by the people.

However, if the new Iranian regime rejects Japanese support for the project, the damage to Japan will be great.

The issue for the moment is the additional 100 billion yen funds needed for the project after April. If the Mitsui group requests it, the government is ready to extend financial support, using funds of the Export-Import Bank of Japan and also loans from the Overseas Economic Cooperation Fund. Terms for OECF loans are less strict than those for credits from the Ex-Im Bank. It also reportedly considers upgrading the private-level project to a national undertaking.

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Meanwhile, although most of the circles concerned feel that, despite the cutoff of Iranian oil, Japan is assured of supplies for the time being, many private and public circles here are worrying about possible price increases. They fear that any price increase would deal a serious blow to the economies of Japan and other industrial nations.

Oil industry sources revealed that Iraq has already notified Japan that the price of oil bought in government-to-government deals will be increased.

The Foreign Ministry, which is concerned about supplies after autumn, warned against too easily drawing on the nation's oil stocks. It called for the expansion of stockpiles and stricter saving.

President Toshimo Doko of the Federation of Economic Organizations also asked that a viable long-term energy plan, involving the development of new sources and increased energy conservation, be worked out.

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ECONOMIC

PRC TO SUPPLY GULF OF BOHAI OIL TO JAPAN

Tokyo THE DAILY YOMIURI in English 16 Feb 79 p 4 OW

[Text] After a month of negotiations, Japan has won a Chinese promise to supply some 2 million kiloliters of oil a year from undersea oil deposits to be developed with Japanese cooperation in the Gulf of Bohai, near Beijing.

A consortium of Japanese oil developers will have exclusive responsibility for developing the southern Bohai pool, which is estimated to yield 140 million kiloliters, according to a statement Wednesday by the Japan National Oil Corporation of Tokyo, a semigovernmental, nonprofit oil development agency representing various Japanese commercial oil interests.

The corporation has been negotiating since January 16 with Li Jingxin, deputy manager of China's National Oil and Gas Exploration and Development Corporation.

The Chinese and Japanese negotiators are also discussing the possibility of Japanese cooperation in developing still undetermined oil deposits off the estuary of the Pearl River near Guang-zhou. Japan has proposed a tripartite development deal, including American or European oil interests.

The cost of developing the Bohai fields has been estimated at 400 billion yen. Details still to be settled include the amount of Japanese loans, Japanese Government credits, the currency in which the loans are to be extended, repayment terms, and the number of years Japan will be allowed to share in the output of the Bohai fields.

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ECONOMIC

JAPANESE FIRM TO ASSIST PRC IN AGRICULTURE, INDUSTRY

Tokyo NIHON KEIZAI SHINBUN in Japanese 17 Feb 79 Morning Edition p 6 OW

[Text] Yanmar Diesel (main office: Osaka City; president: Toshio Yamaoka; capital: 1.2 billion yen) disclosed on 16 February that it has recently been asked by the Chinese Government to cooperate in modernizing the "China-Japan Friendship People's Commune" on the outskirts of Beijing. This request for cooperation was made by high-ranking officials of China's Agriculture and Forestry Ministry to President Yamaoka and other leaders of Yanmar Diesel when the latter visited China at the ministry's invitation from 5 to 14 February. This is the first request for agricultural cooperation made by a Chinese central government agency. Yanmar Diesel has decided to give active cooperation response to this request. To this end, it will hastily work out a concrete plan for cooperation.

The "China-Japan Friendship People's Commune" was created in October last year by renaming a people's commune in the western suburbs of Beijing to mark the conclusion of the Japan-China Peace and Friendship Treaty. The commune covers an area of 55 square kilometers and has a population of 31,000. It is believed that the Chinese Government's request was motivated by a desire to develop the commune into a model for China's agricultural modernization through full utilization of machines and increased food production. It is also believed that by so doing, the Chinese Government wants to use the commune's achievements as a major reason for continued agricultural cooperation between Japan and China.

To render help to this commune's modernization program in a really effective and cooperative manner, Yanmar Diesel will first conduct an agronomical survey of the commune and, based on this survey, to this request by the Agriculture and Forestry Ministry, the Yanmar delegation was asked by the First Ministry of Machine Building to help China turn out better diesel engines and establish a system for their mass production. The Sixth Ministry of Machine Building also reportedly asked the delegation to cooperate in China's programs to develop marine engines and increase its shipping tonnage.

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ECONOMIC

KEIDANREN UNVEILS ECONOMIC REVITALIZATION PLAN

Tokyo MAINICHI DAILY NEWS in English 23 Jan 79 p 6

[Text]

The Federation of Economic Organizations (Keidanren) unveiled Monday a middle-range plan to restore autonomous growth potential to the Japanese economy in five years. The desired economy five years hence would not be excessively dependent upon exports and public works measures as now but would be based on well-balanced, increased consumer demand, housing, and capital investments.

Such an economic transformation would require the private economic sector to carry out, positively, the ongoing restructuring of the whole industry, and the government to provide adequate fiscal-monetary policies and radically revise systems and practices in all segments of the economy, said the Keidanren plan.

The plan, subtitled "For Revitalizing Corporate Operations," projects an annual growth rate around 5 percent for the first half of the five-year period and an annual growth rate of 6-plus percent for the latter half.

Keidanren said, however, that the five-year average is not projected to reach the 6 percent but the 5 percent level.

In fiscal 1979, the growth rate may be even smaller than in fiscal 1978 in view of the government budget draft, it continued. The dimmer prospect is due, it continued, to the anticipated economic downturn in the United States, the annual average 10 percent boost in crude oil prices, and the negative effects of the appreciation of the yen on Japanese exports and imports, as well as on domestic demand, particularly capital investments and consumption.

On top of these, the plan said, two clusters of factors are inhibiting the stabilization of the Japanese economy:

In the first group are global apprehension of inflation, monetary instability, the spread of protectionism, the rapid industrialization of certain developing countries in the international scene; stagnant technology development, the large supply-demand gap in capital and material industries, and the over-capacity in basic industry, apart from a weakened corporate financial position.

The second-group factors concern the economic system and structures that failed in the 1978 economy to reach a 6 percent growth rate and expanded the national revenue

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deficit. They are 1) the administrative, treasury, and tax systems still based on the past high-growth era and the deficit-ridden food account, national health insurance and Japanese National Railways; 2) recession-hit industries, energy pricing system and supply setup; 3) trade, foreign exchange, that give "closed" impressions and protective agricultural policies; 4) land and environmental policies; and 5) interest, financing and distribution problems.

Transformation

The plan said the nation's primary industry must undergo a radical transformation by deemphasizing rice planting, shedding price support and protective policies to ease foreign criticism, and budget burdens.

The tertiary industry has to improve productivity, especially in the service and distribution segments, to the U.S. and European level, and accelerate research and development.

Secondary industry must cope with decreasing demand and challenges from developing countries.

Corporations and industries should strive to decrease overcapacity, gearing themselves for a slow economy, the appreciation of the yen, and price markups in resources and energy by turning to produce sophisticated products.

To achieve this industrial transformation, the plan said,

the government should facilitate corporations and industries by flexibly operating antitrust regulations, enhancing employment and giving help to recession-hit industries, technology development and energy fields.

Energy Reforms

In the energy field, the government should revise the pricing and taxing systems, particularly on oil. It should also push for nuclear power generation, and revise the overall fiscal, financial and tax systems to promote corporate investments in equipment.

Turning to employment, the plan said, the jobless rate will continue to rise in accordance with the progress in industrial transformation. The tertiary industry could not be counted on to absorb redundant workers, it said. According to Keidanren, the unemployment rate will stay above the 2-percent mark as it is now. Pay raises are to be determined by the labor market situation, the plan added.

On prices, the plan said inflation could undermine the transformation. Prices should be held down by increased imports, and the lowering of domestic agricultural product prices closer to the international levels.

But Keidanren saw it inevitable that the consumer price index would rise 3 percent per annum. It said if the consumer price index rises 3 percent, the wholesale price index should go up 3 percent. Otherwise, corporations will not

be able to regain vitality, it added.

On the expected performance of the yen, the plan said, the Japanese currency will be stable on the short term but will begin to climb in the latter half of the five-year span. The yen's value would be pushed up by the persistent inflation in the U.S. and surpluses in Japan's current account.

To stabilize the yen's value, the government should strive to stimulate domestic demand and open wider the domestic market for imports. It also said it is essential that Japan cooperate with international organizations such as the IMF and drastically boost aid to developing countries. The government should also strive to facilitate overseas investments by balancing income and outflow of foreign currencies on the basic account.

Although the economy will continue to depend on governmental spending for at least two to three years, the plan said, the government must concurrently prepare concrete ways to reduce budgetary dependence on the issuance of government bonds. In fiscal 1979, bond issuance is expected to top 15 trillion yen, accounting for nearly 40 percent of the budget.

The government should turn itself into a cheap government by consolidating the administrative machinery, cutting down personnel costs and expenditures to remedy food account deficits, national health insurance and the JNR, the plan said.

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ECONOMIC

GOVERNMENT'S UNPROFESSIONAL EMPLOYMENT MEASURES CRITICIZED

Tokyo ASAHI JANARU in Japanese 26 Jan 79 p 3

[Text] This year, they say, will be the year of the employment problem. There is no prospect that the economy will expand rapidly, and one can only expect efforts toward rationalization and reduced volume management to continue. If nothing is done about the employment situation it can only get worse. Projects to develop employment have become a major showcase item in the government's 1979 budget. This undertaking, they say, aims to create employment for 100,000 persons. Although it looks as though the number of the unemployed will leap to 1.35 million this year, the government aims to hold the figure to 1978 levels with this policy.

It is all right to appreciate the government's enthusiasm for employment policies but, frankly, it is a fact that there has been quite a bit of trial and error claptrap in the government's policies. Many of the policies have been ineffective, merely adding complexity by building up the stack of piece-meal policies. Whether the unemployment adjustment benefits or the incentives for raising the retirement age, the policies so deliberately implemented by the government have led to miscalculations which will leave 90 percent of appropriations unused.

There is a hypotheses that future growth in employment will only be in the tertiary industries; that it actually had grown in these industries, and will grow in the future. There are even figures calculated by computer for the different types of industry. There has, however, been no follow up investigation on who is to leave the secondary industries, for what reasons they are to leave, through what process are they to find work in current jobs in tertiary industries, and what is the actual situation as far as work and wages are concerned. It seems safe to say there will be no such investigation. Merely to talk about tertiary industries without clearing up these questions is only to create a limbo for the latently unemployed where there is employment on poor terms. The labor unions are interviewing union members one by one and asking them how they were separated from their jobs, and what jobs they have now. The unions are investigating in detail how much the members relied on government measures, and whether the measures were useful. In this way the unions are trying to clarify the strengths and weaknesses of official policy in order to establish revised policies or new measures. This exercise will be worth watching. Real life human emotions and the raw principles of corporate action will come out of it.

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For example, corporations unable to reach the hiring rate for handicapped persons make a payment according to the amount they fall short. For some industries, it is said, the average penalty is 20 million yen. Do they feel that it is more advantageous to the corporation to pay the equivalent of retirement pay for two persons than to reach the hiring rate? The workingman's life will not be saved by raising the retirement age to age 60 unless this can be linked to the age for payment of welfare pensions. Mandatory retirement at age 60 in large companies will not cover even 20 percent of the workers. Can compulsory measures be gotten even with a law on the retirement age?

Neither the corporations, nor the government nor third parties will be convinced by a labor struggle without policy. Up to now labor has relied upon its officials and upon scholars for its policy. This case is different. Taking the actual situation in the working place and industry as the point of departure, labor unions will first use the resources of the union members themselves to confirm what kind of jobs are to be found in what industries, and what is the outlook on how much employment will be possible in the future. Then they will borrow from the knowledge of the scholars and third parties. This is a new facet of the labor movement.

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ECONOMIC

JAPAN LESSENS RESTRICTIONS ON FOREIGN BANKS

Tokyo MAINICHI SHINBUN in Japanese 4 Feb 79 morning edition p 7 OW

[Excerpt] There is a growing international criticism of Japan because of its "discriminatory treatment of foreign banks." To lessen this criticism, the Ministry of Finance and the Bank of Japan on 3 February decided to gradually ease various restrictions on foreign banks in Japan. As a first step, foreign banks will be allowed to issue certificates of deposit. This is a revision of an earlier decision to allow only Japanese banks--effective April this year--the right to issue such certificates. Another authorization permits foreign banks to extend loans to foreign-owned companies in Japan.

In addition, the Ministry of Finance and the Bank of Japan are studying the possible raising of the foreign banks' yen conversion ceilings (ceilings on the amount of foreign currencies allowed to be converted into yen after the foreign currencies are brought into Japan), liberalizing the discounting of bills system to enable foreign banks to participate, and easing various restrictions imposed on the Bank of Japan on the foreign banks' short-term money market activities.

This move by the Ministry of Finance and the Bank of Japan to ease various restrictions against foreign banks was instigated by the decision of the U.S. Treasury Department to send a team to Japan and other major countries to investigate whether or not the countries are discriminating against foreign banks.

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ECONOMIC

NORTH KOREA TO SIGN FISHERY CONTRACT WITH JAPANESE FIRM

Tokyo NIHON KEIZAI SHINBUN in Japanese 16 Feb 79 Morning Edition p 7 OW

[Excerpts] A private fishery company in Japan is likely to import large quantities of fish and fish products from the Democratic People's Republic of Korea (North Korea). Niigata Fuma (main office: Niigata City; president: Koichiro Fuma; capital: 32.5 million yen)--one of the leading marine products dealers in Niigata Prefecture--disclosed on 15 February that the company will shortly conclude a long-term trade contract with North Korea to import aquatic products and offer technical guidance. Under this contract Niigata Fuma will import pollacks, crabs and other seafood valued at some 20 billion yen per year. For pertinent fishing operations, North Korea is now working on importing two mother ships from Japan.

The contract is expected to be signed in Tokyo late in February through the mediation of Nichiryu Shoji (main office: Tokyo; president: Shigemitsu Yoshinaga; capital: 51 million yen), a company promoting friendship between Japan and North Korea. In addition to this contract, Niigata Fuma and North Korea's Ministry of Fisheries delegation are expected to exchange notes covering the following: 1) Niigata Fuma will import from North Korea pollacks, crabs, sea trout, other netted fish and shellfish valued at around 20 billion yen per year and North Korea will be represented in this deal by its state-run Korean overseas trade company; 2) payments will be made in the German mark and in cash remittances; 3) experts will be dispatched to North Korea after March to give fishery-related technical guidance aboard two mother ships; and 4) refrigerator ships will transport seafood from the two mother ships to Japan and their ports of discharge will be Niigata and Tokyo. Should things go as scheduled, the first refrigerator ship is expected to arrive in Niigata port sometime in mid-March. To establish imported seafood markets, Niigata Fuma has already begun negotiating with the Hokkaido Fish Cooperatives Federation and a formal sale-on-consignment contract will soon be signed.

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ECONOMIC

'MAINICHI' COMMENTS ON PAN AM WITHDRAWAL FROM IATA

Tokyo MAINICHI SHINBUN in Japanese 5 Feb 79 morning edition p 5 OW

[Editorial: "IATA's Turning Point and JAL's Response"]

[Excerpts] Pan American World Airways, the world's largest airline, has announced that it will withdraw from the International Air Transport Association (IATA) at the end of March. Pan Am's withdrawal will rock IATA from its foundation, for the airline has been the virtual leader of IATA. Thus, IATA is faced with a serious turning point.

Pan Am's withdrawal has long been anticipated in view of IATA's main function as an international fare cartel. Since its inception the Carter administration has advocated liberalization of air transport. In line with this policy, the American Civil Aviation Board (CAB) has moved to radically deregulate air transport. The striking feature of this policy is the virtually unrestricted granting of route permits to airlines. Pan Am's withdrawal is in line with this "open sky" policy, and it can be interpreted as a move aimed primarily at freeing itself from IATA's fare structure.

In his 23 January State of the Union message, the American President particularly pointed out the contributions made by the deregulation of air transport to the fight against inflation. The message stressed that regulation on the railway, bus, and truck industries would be reviewed. All this indicates that America's air transport liberalization policy is past the point of no return.

As a matter of fact, we cannot necessarily say that the cheaper the air fare the better. Safety must be insured. On the other hand, if low fares result in undermining the business foundation, it would not benefit passengers in the long run. From the point of view of energy conservation and air pollution and noise control, the wisdom of unlimited flights should be carefully considered.

There is an element of truth in some of these criticisms of U.S. policy, which in essence seeks to impose a one-sided argument of the strong on the weak. As far as Japan Airlines is concerned, we can hardly say it has

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pursued a fare policy centered on the interests of the passengers. As of 1 February, JAL lowered the round-trip fare on its European routes by 10 percent. This will be followed by a 15-percent cut on Australian routes later this month. Yet the fares on some routes are still too high compared with the current exchange rate.

In reality, an age of low air fares on international routes is coming. JAL is pressed by a need to severely rationalize its efforts to consolidate its business foundation. Only recently JAL proposed to its union a plan to reduce the size of cabin crews to the level of U.S. airlines. JAL's response has been slow in every aspect. All JAP personnel should seriously heed the warning that the airline may become "another national railway."

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ECONOMIC

TRADE AND INDUSTRY MINISTER HITS NTT'S CLOSED-DOOR PROCUREMENT POLICY

Tokyo ASAHI SHINBUN in Japanese 15 Feb 79 Morning Edition p 9 OW

[Excerpt] Testifying before the Lower House Commerce and Industry Committee on 14 February on the U.S. demand for opening up the Telegraph and Telephone Public Corporation's [NTT's] procurement program to foreign firms, International Trade and Industry Minister Esaki criticized the NTT's closed-door policy and urged it to procure foreign as well as domestic products. He said: "We do understand why the NTT is opposed to procurement of foreign equipment, but we want it to cooperate with the government in implementing a free economy policy based on the open market principle." This was the first time a top government official had ever criticized the NTT on the procurement issue.

The MITI minister made the aforementioned remark in answer to new liberal club member Masao Onari's questions. Onari first took up the "advertisement on the opinion of communication equipment and electric-wire firms against the U.S. demand for open doors" carried in the 13 February editions of newspapers with national circulation. He asked Maeda, the NTT engineering bureau chief: "What does this advertisement mean? Does it have anything to do with your corporation?"

Maeda replied: "The corporation has nothing to do with the advertisement because the firms placed it on their own initiative. However, the corporation feels that if the door is opened to foreign products, it will result in a deterioration of communication services and inefficiency." Thus the NTT official reiterated the NTT's reluctance to comply with the U.S. demand.

Onari then directed his questions at MITI Minister Esaki. Answering Onari's questions, the MITI minister expressed his disapproval of the advertisement saying: "Placing such an advertisement when Japan-U.S. relations are at a serious stage will only exacerbate the relations." He pointed out: "Our communication equipment producers have an internationally recognized high level of technology and considerable international competitiveness." He called on the NTT to open its doors saying: "We want the NTT to cooperate in the implementation of the government's policy because this is the time when international cooperation is important."

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ECONOMICS

ELECTRONICS INDUSTRY WEIGHS U.S. CRITICISM, CHANGES

Tokyo MAINICHI DAILY NEWS in English 26, 27, 28, 30, 31 Jan, 1 Feb 79

[Article by Toshio Takai, executive vice president of the Electronic Industries Association of Japan]

[26 Jan 79 pp 1, 6]

[Text]

The confrontation between the Japanese and American electronic industries is fast escalating into what looks almost like an electronics war.

Toshio Takai, executive vice president of the Electronic Industries Association of Japan, recently filed a report with the Mainichi Daily News to counter the growing anti-Japanese movements in the United States.

Takai wrote his report "Can Japan's Electronic Ind. Survive American Criticism?" out of his active participation in the current disputes and similar past experience of more than 10 years. He has been in his current post for nearly eight years and has written other reports on international trade issues.

EIAJ comprises various electronic industries in Japan such as television receiver manufacturers, makers of hi-fi products, and producers of ICs and LSIs, to list just a few.

The report "Can Japan's Electronic Ind. Survive American Criticism?" will be carried in a series on Page 5. However, the Mainichi Daily News does not necessarily share the views and opinions expressed in the articles.—Editor.

The year 1979 dawned presaging turmoil. Since the early 1970s, priorities in national goals have been shifting from traditional diplomatic and defense issues to international trade and currency issues, due partly to the detente between the two superpowers. Changes in the international political climate, induced by the

conclusion by Japan and the United States of peace and friendship treaties with the People's Republic of China, are likely to profoundly alter the circumstances in which we find ourselves.

"Japan's postwar period has ended," a Japanese prime minister once said. A glance at the postwar world economic development, however, clearly illustrates that the industrialized countries can no longer shape up the world economy through adjustments among themselves. In fact, the world economy is riddled with such profound problems as the U.S. dollar unrest, shaking the world monetary system itself, and the emergence of the North-South problem, challenging the world economic order. Even the advanced countries are, moreover, plagued with the progression of serious stagnation and internal political problems.

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These changes and mutations in the international political and economic development imply that we can hardly solve bilateral relationships alone. The trade issues, which have been making prominent headlines, are fast acquiring an importance that goes beyond the traditional bilateral framework because of global transformation of the industrial structure taking place in the background.

Should these issues be forcibly resolved on a strictly bilateral basis, it would result only in emotional confrontation between the two nations concerned. Therefore, what we need now are coolheaded approaches, recognition, and perception, which are free from emotional distortions, of the ever-larger impacts and the trade structures brought on by rapid changes.

We must now have an insight into the 1980s and eyes that can grasp the constantly shifting reality. These not only form the basis for my countering the persistent censures by the Americans against Japanese trade policy but, I believe, are foundations on which a new international relationship can be established.

Japanese industries are today being shaken by the ever-escalating barrage of criticisms against Japan from foreign countries which failed to reflate their economies as the problem child in the international trade scene. Japan has been explicitly accused by the United States and the European Community (E.C.) of flooding overseas markets with Japanese products, under-selling, ruthlessly capturing foreign market shares while closing Japan's own market to others for its running a large trade surplus and having disproportionately small percentage of manufactured goods in the overall imports.

The common themes among these criticisms are deep-rooted distrust against Japanese trade patterns and policies as well as foreign fixation against the Japanese economy. The most persistent and staunchest charges have come from the United States.

The oil embargo the OPEC countries enforced in 1973 to curtail oil production supply and quadruple its price strengthened the voice of the Third World in world affairs substantially. The OPEC stratagem marked the end of the age bipolarized between the U.S. and the USSR and ushered in a new epoch of multipolarization. The influence of the United States inevitably declined to some extent in the process. Internally, the country is beset with the unemployment rate rising to a high level and continuing trade deficits. The country is harboring strong suspicions against countries with trade surpluses and suffering frustration from increasing imports from such countries.

As domestic policies began to assume a larger role in determining American foreign

policies than before, the decision-making power the administration hitherto had exercised in external policies began to disperse, coming more and more under domestic political pressures.

With "a weak president in office and a strong Congress," the United States has entered a period of heavy politicking, i.e., trade policies in problematical areas are determined by tugs of war between the administration and the Congress over the positioning of a particular product in military and economic strategies.

Therefore, U.S. policy-making on American trade problems can no longer be regarded as policies based on clear, persuasive logic and duly reflecting firm convictions. The Japan-U.S. relations in the past 20 years, induced by and revolving around the textile issues, has been primarily characterized by a series of conflicts in the bilateral trade aspect. The confrontation is of grave importance in that it involves the national economies of the world's No. 1 and No. 3 and in that interdependence is now deepening the world over. The two countries will not be able to continue settling their bilateral issues through confrontation compromise.

First of all, it is undoubtedly clear that the U.S. trade failures are brought forth by many factors, including the structural and the temporary. Having expanded industrial production, increased economic credits, and concentrated gold into its hands during the last war (WWII), the United States found it necessary to dispose the accumulated surpluses and funds effectively by tapping new markets for maintenance of the expanded economy and for further accumulation of wealth in the postwar years.

In short, the U.S. succeeded in fostering overseas markets for its exports solely by distributing dollars in other countries through outright grants, loans, and through overseas military spending.

But the subsequent restoration and development of Western European countries in the heavy and petrochemical industries, and emergence of economic difficulties and political instability in the developing countries shook the foundation of the dollar dominance, bringing about the dollar crisis and leading to the collapse of the IMF international currency system.

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Therefore, the current economic problems plaguing the economies around the world such as across-the-board failures in reflating macro-economies, trade imbalance, and international monetary system, emanate not only from the Keynesian depression—lack of effective demand—but also from a global restructuring of industries which is, as clearly seen, forcibly transforming today the Japanese textile industry which once so flourished as to threaten the American and European counterparts. The turnaround of the Japanese textile industry is striking. For these reasons, considerable time will be required before a new equilibrium emerges on the horizon.

But we cannot afford to assume an attitude of "benign neglect" toward the persistent and unjust Japan criticisms from America until the new balance shapes up. Allegiance to the principles of free trade and the expanding equilibrium of trade—not a diminishing equilibrium—makes it necessary for us to rebut the unjust charges with evidence.

From bitter experience, we know how crucially ignorance, misunderstanding and prejudices can affect vital decision-making.

[27 Jan 79, p 5]

[Text]

Our industry, the Japanese electronic industry, has been under a crossfire of allegations, charges, accusations from the American electronic industry and numerous unwarranted trade problems have been generated.

Just looking back at 1978 alone, we witnessed the rekindled dumping disputes on Japanese-made color television receivers, followed by the U.S. duty increase decision on citizens' band (CB) transceivers, and louder than ever accusations of the "closedness" of the Japanese market and of Japanese exports to the U.S. by no other than the world's foremost leader and most innovative American semiconductor industry.

In the past 18 years, the Japanese electronic industry has faced 34 complaints, including 22 cases of anti-dumping investigations, in the United States. Paradoxically, however, it demonstrates the

international competitiveness of the Japanese electronic industry as well as the universal importance of the electronic industry the world over.

However, the American

criticisms have not yet changed essentially in content at all. They are being repeated over and over again. What is characteristic of the American complaints is that they are filed, on a single issue, with different venues at different time by different complainants and on different legal grounds. Another characteristic is that the peak of American complaints and criticisms against Japan "coincided" with the downturn and recession of the U.S. economy. (See Table)

The six cases filed on Mar. 22, 1968 by either the Parts Division or the Tube Division of the Electronic Industries Association (EIA), the two cases of 1971, the two cases of 1974, the plea for application of escape clause on TV receivers of 1976—

all of them were sought in the years that immediately followed the recessions of 1967, 1970, 1973 (the year of the oil crunch), and 1975.

It is obvious in each case that the Americans attempted to turn such domestic problems as recession-induced slumps and unemployment into international trade problems.

Wartime Prejudices

Reflecting the worldwide recession, the American industry has escalated accusations against Japan onto a hysterical level. Even the American Enterprise Institute, an organization not usually associated with "bleeding heart" liberal concerns described this phenomenon in the following language:

"The American convictions that the Japanese undersell other nations because wages are low, that they steal patents, that they dump products on foreign markets in order to

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swamp competitors and that they are ruthless in their pursuit of trade, all surface whenever the balance of trade between the United States and Japan becomes even slightly skewed in favor of Japan:

"The traditional Japanese response is to turn the other cheek, to adopt a low profile and, for example, put voluntary quotas on exports in order to avoid having the United States impose quotas and tariffs. But even Japanese efforts to bow to the U.S. demands are frequently criticized as being 'insincere' or 'devious.' One senses, in these reactions of the American business community, a transmutation of wartime prejudices... Even the language in which Japanese trade is described often echoes wartime terminology." (Sheila K. Johnson, *American Attitudes Toward Japan, 1941-1975*. American Enterprise Institute for Public Policy Research, Washington, D.C., 1975)

Certainly, it is sensationally persuasive to rub the blame of entrepreneurial crisis on imports by blaming the exporting country and criticizing its industrial structure and export situation at a time when the bilateral trade goes unbalanced or when a structural recession overtakes one of the partners.

The claims in the United States that the Japanese electronic industry is threatening are not based on correct recognition of the actual situation but on emotional exaggeration.

In the electronic industry, which is more dynamic and technologically innovative than any other industry, the competitive conditions are changing very rapidly. It is essential to have correct recognition of what brings about such swift changes and what the impact will be.

It is extremely unfair of the Americans to criticize and denounce the Japanese electronic industry one-sidedly and emotionally while keeping a blind eye to the true state of affairs.

Accusations made out of sensationalism cannot, from the force of circumstances, escape from falling into a stereotyped pattern. The U.S. electronic industry should realize that repetition of stereotyped accusations against Japan will never lead to a solution of bilateral problems and that criticisms will not help mitigate the confusion existing today.

(To Be Continued)

Correction

There was an omission of a few words in the third paragraph of the U.S. Foreign Strategies and Trade Issues (1). The pertinent part "that we can hardly solve bilateral relationships alone" should have read "that we can hardly solve bilateral trade problems within a framework of strictly bilateral relationships alone." —Editor

Product	Date of Complaint	Charge
Receiving Tubes	21 July 1967	Dumping
Fixed Carbon Composition Resistors	10 Aug. 1967	Dumping
Television Receives (color, B & W)	22 Mar. 1968	Dumping
Transformers	22 Mar. 1968	Dumping
Loudspeakers	22 Mar. 1968	Dumping
Tuners	22 Mar. 1968	Dumping
Capacitors	22 Mar. 1968	Dumping
Ferrite Cores	22 Mar. 1968	Dumping
Television Receivers	Dec. 1970	Antitrust
Deflection Yokes for TV sets	22 Sept. 1971	Dumping
Color Television Picture Tubes	9 Aug. 1971	Dumping
Microwave Ovens	11 Aug. 1972	Dumping
Germanium Point Contact Diodes	21 Aug. 1972	Dumping
Television Receivers	Sept. 1974	Antitrust
Nickel-Cadmium Cells	24 Dec. 1974	Dumping
Fixed Tantalum Electrolytic Capacitors	24 Sept. 1975	Dumping
AC Adaptors	19 Sept. 1975	Dumping
Television Receivers (color, B&W)	22 Sept. 1976	Escape Clause
CB Transceivers	2 Aug. 1977	Escape Clause
Certain Electrical Sound Equipment and Electronic Musical Instruments	24 Aug. 1977	Countervailing Duties

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[28 Jan 79, p 5]

[Text]

The electronic industry is extremely diversified and turns out a great variety of products and components in different stages of production and technological life cycles. Generally, products at the introductory stage tend to be technology-intensive and production requires corporate risk taking, as well as skilled labor. As the products go through a growth phase and rise to a developmental peak, production technologies stabilize with the increasing availability of standardized components and circuitry. Somewhere around here, mass-production becomes possible and at the same time the labor rate begins to determine the market competitiveness of the products. Transistor radios and black-and-white television receivers are the most typical products that went through this whole process.

Just as one country differs from another in the industrialization stage, state of the art, capital accumulation (availability), labor costs, and internal market sizes, a country producing many products with varying life cycles can become strong in some production fields but will not necessarily become so competitive in other fields. Some countries may gain the upper hand in the technology-intensive field, while others in the capital-intensive, and still others in labor-intensive or consumer product lines. The industrial field may go to one country, the active component field to another, and the passive component field to yet another.

Annual Report

The annual report of EIA's Consumer Electronics Group sums up the situation as follows:

"Many American consumer electronic and component firms have established production and assembly operations in other countries, and foreign-owned manufacturers are increasingly becoming part of the American industry by building or buying plants here.

"While foreign countries have offered strong competition, they have also provided new sources of supply to domestic manufacturers. Virtually all American-made consumer electronic products contain some imported components, as manufacturers search the globe for the best value. Although a large portion of components are American-made, others come from Japan, Taiwan, Hong Kong, South Korea, Singapore, Europe and elsewhere — many made by foreign affiliates of American component firms. Some consumer end-products are also made abroad to the specifications of American manufacturers."

As described, the electronic industry is a truly international industry with strong orientations in vertical and horizontal divisions of labor (production) on a global basis. Close interdependence exists between the particular electronic industry of a country and the counterpart of another in all aspects including markets, components, the supply of semifinished goods, and the flow of technologies and capital.

In this way, resources are distributed optimally and profits are maximized worldwide. A closed electronic industry cannot exist as an industry.

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Diversified Nature

So it would be a flagrant instance of ignoring the diversified nature of the electronic industry to launch an exclusive, import restriction drive by separating and exaggerating to the extreme certain aspects — international — from others.

Certain electronic equipment manufacturers and labor organizations have been alleging for years that the U.S. electronic industry would be crushed tomorrow by imports of electronic products from Japan. Is the U.S. industry that fragile (as to be threatened by Japanese imports)? The answer is definitely no.

EIA's Annual Report for 1978 speaks of the "strength" of the American electronic industry as follows:

"Electronics is one of the strongest U.S. industries in world trade, and continues to maintain a favorable balance of trade. The trade balance of 1977 (exports over imports) was \$2.8 billion, which is almost triple last year's \$960 million trade surplus.

"Though faced with increased competition, especially from electronic industries in Asia, the U.S. industry is able to remain in a dominant position in the world market. Continued research and the development of high levels of technology are important factors in the maintenance of U.S. prominence."

These facts can be immediately perceived from the following table.

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U.S. balance of trade -- selected electronic products and related items (millions of dollars)

	1975	1976	1977
Total Exports (A)	8,556	8,502	11,558
Total Imports (B)	5,088	7,542	8,794
Trade Balance (A-B)	+3,468	+960	+2,762

(Source: Electronic Market Data Book 1978, EIA)

The electronic industry can be classified into three divisions -- consumer electronics, industrial commercial electronics and electronic components.

The U.S. electronic industry incurred a large trade deficit in consumer electronics (\$658 million in exports vs \$3,693 million in imports). But it chalked up a big trade surplus in the industrial commercial electronics division (\$7,188 million in exports vs \$1,890 million in imports) enjoying a huge overall export surplus.

To emphasize the imbalance in consumer electronics, by singling out television receivers in particular, would be analogous to "not being able to see the woods for the trees."

Today, the strength of particular electronic industries hinges, in view of the global industrial transformation and the expansion of the electronics field, not upon consumer electronics, whose market has matured, but upon the strength of industrial electronics and the semiconductor division which are in the forefront of systematization of the most advanced technology.

Thus, the whole of the Japanese electronic industry, which has long been specializing in consumer electronic goods, holds a position that is, beyond doubt, inferior to the U.S. electronic industry, which has traditionally maintained an overwhelming preeminence in the industrial and semiconductor divisions throughout the world.

Panic Psychology

In spite of enjoying such crystal-clear advantages, the American industry is indulging in "panic psychology." Thus, I have been unable to find the answer to a naive question: What on earth does the U.S. industry want?

Their extraordinary persistence displays no trace of the cheerfulness and open-heartedness usually found in Americans. And we know that such persistence is likely to have an impact by changing radically the traditional image of America which the Japanese have.

We cannot help wondering whether U.S. society has been driven to the wall. The driving force, however, is not the Japanese electronic products but certain U.S. businessmen who have failed to perceive the industrial structural transformation and the speed in which technological innovations are taking place around the world.

The American industry's "fear" of Japan has also strong political overtones.

After more than one full year since the Japanese enforced a voluntary export restriction on Japanese-made television receivers to the U.S., Zenith Radio Corporation suddenly transferred its color TV production plants to Mexico and Taiwan by shutting down plants on the East Coast and discharging 5,000 workers in October 1977.

The American manufacturer has long been crying about the "peril" of the American electronic industry the loudest, denouncing the Japanese TV-manufacturing industry, and filing many complaints with the authorities in the U.S.

Zenith did not file the complaints for the purpose of protecting American workers from unemployment but to retrench its TV production facilities and open plants in Mexico and Taiwan. The complaint proceedings were to keep Japanese-made TVs from entering the U.S. market and thus give the American critic enough lead to build these overseas plants.

Dynamism Lost

Preoccupied with filing complaints against Japanese manufacturers, Zenith lost its corporate strength -- dynamism -- thus driving itself out of the country to build up its weakened price competitiveness on the market.

The "crisis" claimed by Zenith means nothing more than the danger of Zenith executives losing their posts. Would it possibly be an overstatement to say that this cuts across and reveals the nature of the Japan-U.S. trade dispute that has been hidden beneath many exaggerations, and has caused trouble for the governments of the two countries?

Anxieties brought about by incessant technological innovations produce, obviously, immeasurable far-reaching fundamental results more than the impact from imports which account for less than the few percent of the U.S. gross national product (GNP) could possibly do.

Certainly, there are many products that have a high import ratio on the U.S. market. But it is hardly justifiable for an industry to seek the chief cause of the industry's difficulties in imports alone. It is essential to delve into the importing country's historical and structural factors including employment, production facilities, and markets in determining the causes.

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[30 Jan 79, p 5]

[Text]

The electronic industry is not a new industry. It has a history of half a century. But it is an industry of continual innovation. The technological innovation pushes back the market horizon through modernization of products, or by developing completely new types of products.

Major recent technological breakthroughs are: ICs, LSIs, LCDs and LEDs. These technological innovations have dramatically expanded the scope of application in consumer electronics such as calculators, electronic watches, CB transceivers, and automotive electronic devices. At the same time, they have sharply boosted reliability, and cut back energy consumption and production costs.

But the confusion and anxiety brought about by this technological innovation have more far-reaching effects than the electronics imports have on the U.S. domestic industry. After all, U.S. electronic imports are only a small fraction of the U.S. gross national product (GNP).

In 1948, the Bell Laboratories developed transistors on government subsidies. It was a historic event in the history of technological innovation. The transistor forced a complete reorganization throughout the electronic industry. The debut of the transistor has had tremendous impacts, lasting to this day, on all key industries from fisheries to consumer goods.

Since the start of commercial production of transistors in 1952, the small semiconductor

has brought us tremendous benefits — high production efficiency, convenience, and maintenance-free reliability. On the other hand, however, the transistor brought about social confusion, forcing some old industries to collapse and many workers out of factories.

Vacuum tube manufacturers and related parts makers were the ones first hit by the appearance of the transistors. The introduction of transistors also forced changes in the designs of many electronic appliances.

Among such end products were radios using vacuum tubes, tape recorders, audio equipment, tube computers, measurement instruments using spring and mechanical watches.

Traditional manufacturers gave way to innovative ones. Some Swiss watchmakers, for instance, gave up on watches and turned to jewelry. The traditional craftsmanship of Swiss watchmakers became useless almost overnight.

Lesson taught by this is simple: a businessman has to keep up with innovation in the industry if he wants to keep abreast. Furthermore, he has to

outstrip competitors through long-range planning and research and development.

But some U.S. manufacturers of radio tubes, instead of making efforts to catch up with the innovation, sought protection of their diminishing market in 1960 and 1967 in the forms of antidumping appeals.

This was a typical example of how American manufacturers lost their market through neglect. But this sort of insulation from imports could only delay their production shift from vacuum tubes to other products. The basic point here was that new technology dictated displacement of vacuum tubes.

New Market

The application of transistors to the radio set in the 1950s dramatically slashed the size and weight of a radio set. This miniaturization opened up a new tremendous market for the portable radio and later for other products for personal and outdoors usage.

But U.S. electric appliance giants were rather reluctant to start domestic production of transistor radios. The reasons: they lacked efficient mini-component makers, and they found it extremely difficult to mechanize and automate portable radio assembly lines.

When explosive sales hit small transistor radios, they had to import Japanese products on an OEM (original equipment manufacturer) basis to meet the ever-growing demand.

It must be noted, however, that some U.S. manufacturers of vacuum tube radios applied

with the government in 1959 for import restrictions on portable transistor radios.

In the case of black and white TVs, the story was almost the same. Japanese TV manufacturers thought, from their experience in transistor radios, that the potential market for portable TVs would be just as large.

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It was in the early 1960s that Japanese TV manufacturers entered the U.S. market with 5-inch screen portable TVs. They were powered by batteries and retail-priced at \$229.95. But the U.S. manufacturers did not take this seriously. Or, they even laughed at a Japanese maker, saying "How could this sort of small TVs sell while larger TVs are selling at even lower prices?" We all know the outcome.

U.S. TV manufacturers, in chorus with labor unions, are claiming, in regard to Japan's color TV exports to the U.S., that the American black and white TV manufacturers had to give way to Japanese exports and that the same thing will happen to color TVs unless import restrictions are slapped on Japanese color TV exports.

The central point is, as we have seen, technological development and innovation, which often shakes the electronic industry from its very foundation. Unless this point is clearly understood by the Americans, history will repeat itself.

More recently, color TVs and CB transceivers have become major sources of trade conflicts between Japan and the United States.

[31 Jan 79, p 5]

[Text]

In 1976, which immediately followed a recession, Japanese color TV manufacturers were accused of flooding the U.S. market with their exports. Most of the increased exports, however, were small TV receivers imported by mass-merchandisers. Neither the products nor the marketers were competing with American-made products and American manufacturers' marketing channels. Still, some U.S. labor unions and TV manufacturers sought in September that year the application of an escape clause provision in Section 201 of the U.S. Trade Act. They claimed that the U.S. TV industry suffered injury and a threat of future injury from imports from Japan.

Contrary to the allegations, the same 1976 enabled such major American producers as Zenith, RCA, G.E., and Magnavox to enjoy increased sales and profits over the previous year. To add to this, the total work force in the U.S. color TV industry rose 9.5 percent over the previous year to 27,700

This proved clearly that all the damage—unemployment, profit falls, business failures, etc.—that the U.S. manufacturers claimed had resulted from Japanese exports were actually caused by other factors. The factors were decline in demand due to the recession, production automation, technological innovations, full-scale introduction of ICs, failure of American manufacturers to meet the shifting demand of American consumers for portable TVs,

and transfer of production bases to foreign countries.

The decline in the number of U.S. TV manufacturers was the result of a shakeout in which certain smaller, non-integrated assemblers failed to keep pace with the dynamic developments of the TV manufacturing industry which the giants were able to handle — i.e. technological innovations and large capital layouts.

Usually, imports grow when there is a shortage of supply by domestic manufacturers. Or when local manufacturers' technology is relatively low and they are reluctant to make investments and develop new products. These are the prime reasons for an increase of imports.

Zenith Radio Corp., the standard bearer in the American TV industry's fight against Japanese TV exports to the U.S., was adhering to survey findings that the company conducted six years previously that Zenith products were the most reliable, or to the old sales slogan "American-made quality" at a time when G.E. and RCA began to in-

troduce on the market their new, innovated products. In this way, Zenith was compelled to transfer its production facilities abroad. The process offers an example, far excellence, of the cunning with which Zenith plotted to convert its management crisis into an international trade problem.

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John Nevin, chairman of Zenith Radio Corp., contributed an article to the Harvard Business Review (September-October issue, 1978) titled "Can U.S. Business Survive Our Japanese Trade Policy?" I believe our sensible American friends and international-minded American businessmen will turn a deaf ear to the hysterical cries and demagoguery of Chairman Nevin.

Meanwhile, the dumping disputes on Japanese TV exports to the United States, initiated with an appeal by the Electronic Industries Association (of the U.S.) in 1968, underwent fundamental changes last year. Ever since 1971 when the Japanese TVs were ruled as being dumped on the American market, the Japanese manufacturers have conducted their exports by abiding by the U.S. anti-dumping regulations.

New Formula

In March last year, the U.S. Treasury Department abruptly adopted and announced a new simplified formula—the so called Commodity Tax Formula—dumping margins. This came after the Treasury delayed tariff valuation works on its own for many years. The new, simplified formula—so-called the Commodity Tax Formula—allows deliberate overestimations on the selling prices of Japanese products in Japan in determining existence or non-existence of dumping in the United States. This is extremely unfair as it is ~~unfair~~ to change the rules in one's favor while the game is partway through.

American CB transceiver manufacturers also applied for an escape clause, under Section 201 of the U.S. Trade Act, on Japanese CB transceivers imported into America, just as in the case of color TVs. This

was another example of seeking the cause of business difficulties in imports. But the CB transceivers case has one vital difference from the color TV case. Soon after the U.S. government decided a temporary duty increase, what was believed to be the biggest postwar sales boom chilled down in the American market. Today, the U.S. manufacturers are enjoying profits while the Japanese manufacturers are sinking in a crisis so serious as to be designated officially as a "depression industry" by the government of Japan.

The CB transceiver boom was symbolic of the post-oil crisis society in that the CB transceiver matched the popular demand for greater mobility with the concerns for energy

saving. It is a product indicative of future trends and one that earned its "citizenship" the hard way.

Leading U.S. appliance makers did not show interest in the CB transceivers. On the other hand, entering the American market under either OEM or private brand names, Japanese manufacturers explored the potential and built up the market foundation of today.

The CB transceiver boom started in the latter half of 1974. Imports from Japan under OEM arrangements soared by leaps and bounds, benefiting the U.S. industry with record-breaking sales and profits, and increasing employment. Even with stepped-up domestic production and imports, supply lagged far behind demand.

A turning point came in July 1976 when the Federal Communications Commission (FCC) decided to expand the CB channel availability and to strengthen the technical requirements on CB transceivers to solve the problems of jamming and radio frequency

interference caused by the boom. The decision was, however, historic and untimely for the manufacturers of CB transceivers in and out of America for it wrecked havoc.

When the decision came, production was geared at the peak and inventories were being built up for Christmas demand. The market panicked. Flooded with canceled orders, the Japanese industry was thrown into depression.

Suffering a similar fate from the FCC decision, America's largest CB transceiver manufacturer E.F. Johnson Co. went to the International Trade Commission (ITC) for relief. E.F. Johnson claimed that the crisis was brought about by imports from Japan. The U.S. government increased the import duties 15 percent, effective on April 17, 1978.

Bankruptcies

In the face of the lingering market confusion, the yen appreciation, and abundant capacity, Japanese manufacturers had already begun to pull out of the business one after another. Many went bankrupt. Nor were the U.S. manufacturers ultimately saved by the government decision, either. Hy-Gain went bankrupt and E.F. Johnson was forced to shut down factories, thus giving up on the CB business line. The tragedy of the CB transceiver industry was also an outcome of seeking the cause of business crisis in imports. Surviving Japanese CB transceiver manufacturers are now completely frustrated.

Never again will such a tragedy be allowed to take place in the trade between Japan and the United States. The CB transceiver is the case to be kept in the minds of the industries and government people on both sides of the Pacific.

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[1 Feb 79, p 6]

[Text]

The total output of the Japanese electronic industry reached \$22,459 million in 1977. But this accounted for only 41 percent of the total output of the U.S. electronic industry.

One of the peculiarities of the Japanese electronic industry is that it has developed primarily through the production of consumer electronic appliances, while the European and U.S. industries grew through the production of industrial/commercial electronic products. What, then, motivated the Japanese industry to specialize in consumer electronics—unique among advanced industrialized countries?

First of all, the Japanese electronic industry, ever since the successful commercial production of transistor radios in the 1950s, gave first priority to meeting the consumer demand for electronic products, based on its continuous technological innovation.

The Japanese industry put out a cluster of new appliances one after another on the world market such as black and white TVs and color TVs to name just a few. In the process, these Japanese electronic appliances won the appreciation of consumers around the world for their excellent quality, performance and reliability.

Secondly, the electronic industries in European countries and the U.S. were nurtured on "big projects" sponsored by their governments. This was not the case with the Japanese electronic industry. For instance, U.S. industrial electronic equipment makers have

	U.S.		Europe*		Japan	
	1976	1977	1976	1977	1976	1977
Consumer Electronic Equipment	14.2	15.0	28.4	27.8	38.9	38.2
Industrial & Commercial Electronic Equipment	68.6	67.7	50.3	50.7	31.1	32.3
Electronic Components	17.2	17.3	21.2	21.5	30.0	29.4

*Europe includes 11 countries: W. Germany, France, Britain, Italy, Holland, Spain, Sweden, Belgium, Switzerland, Denmark and Norway.

relied heavily on tremendous government procurement, notably the Defense Department and NASA, forming what is known as the military-industrial complex.

On the other hand, there have been no such big projects in Japan as seen in the U.S. The Japanese electronic industry, for this reason, could not outlay much capital in the research and development of industrial equipment, which usually requires heavy initial capital spending. Thus, the Japanese industry had to concentrate on the consumer electronics field.

Thirdly, the Japanese economy experienced a phenomenal high growth in the 1960s, during which income levels of general consumers rose rapidly. Unlike the U.S. and Europe where people went on vacations, such electronic gadgets as radios and TVs caught on with the Japanese as ready, affordable sources of enjoyment because they were still recovering from the devastation of war.

Tight Competition

People flocked to radios, and later TV sets, set up in streets in Tokyo and elsewhere to enjoy broadcasting in the immediate postwar days. They "witnessed" the spectacular display

of karate chops by "hero" pro wrestler Rikidozan, the wedding pageantry of the Crown Prince and Princess, and the 1964 Tokyo Olympics on radio and TV. All these events had a tremendous impact on the spread of consumer electronic appliances.

Through tight competition in marketing a series of home electronic appliances, the Japanese electronic industry successfully pursued the economy of quantitative production on the one hand, and the improvement of product quality, including the "electronization" of daily life here—life surrounded by electronic appliances.

There is another important factor: the type of electronic industry best suited to the socio-economic environment of this country. Japan is a small country, with most of the population concentrated in a small number of cities. Also, Japan is a trade-oriented country, importing large quantities of raw materials and energy resources and exporting finished products. Japan also has a highly educated work force.

These "peculiarities" encouraged the growth of the electronic industry, which is highly intensive in technology and labor and creates increased values. It is also an energy- and resource-saving industry with low pollution. These aspects of the industry are best suited to the Japanese environment.

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In the wake of the Arab oil crunch, however, consumer spending suffered a setback the likes of which had never been seen before. And since then, consumer spending has become much more sensitive to the ups and downs of the economy. Home electronic appliances, whose income elasticity is high, also suffered a major blow from the sluggish consumer spending.

The global recession compelled the Japanese consumer electronic industry to concentrate its R&D on producing appliances best suited to the changed needs of consumers who had become more selective such as power-saving color TVs, and to further improve cost performance and mass-production technologies.

Such continuous technological innovations rewarded the Japanese manufacturers with increased international competitiveness on the well-nigh saturated color TV markets around the world. This is a fact that no one can overlook.

U.S.-Japan Seminar

A seminar was held in Palo Alto in the suburbs of San Francisco on Nov. 14, 1978, attended by about 240 persons. Many were unable to find a place to sit. The U.S.-Japan Semiconductor Seminar was prepared by Japanese Semiconductor Manufacturers in response to the strong anti-Japanese campaigns which had been pushed persistently by American manufacturers there.

The anti-Japan campaigns

abounded in sensationalism and were at their height when the seminar opened. A local paper, for instance, carried a blown-up photograph in which a head-banded Japanese was standing with a Japanese sword in front of a line of computers.

Unintimidated, the Japanese semiconductor industry delegates pointed out with confidence and calmness that the charges of the U.S. manufacturers were off the point, not based on an accurate perception of reality, and far too emotional. Their speeches gained support from the many Americans attending.

As we know, there have been few occasions when Japanese and American industry people have sat down together to find solutions to mutual problems before they become too serious and too late. For us Japanese who are traditionally accustomed to problem-solving through consensus, the American approach—to take the matter to the law court and fight it there to the end—is somewhat strange.

The Americans are, however, painfully aware that court struggles are costly in money, time, and energy, and I believe that basically they, too, think it better to solve problems through dialogue. But the existing U.S. antitrust laws come in the way even if the two industries desire this consensus approach.

Even under the circumstances, however, it is still possible for the two industries to discuss seriously desirable relationships by holding open seminars similar to the semiconductor seminar in Palo Alto, instead of closed-door sessions.

I have, so far, described why trade problems have arisen and what the Japanese position is. The criticism directed at Japan from its trading partners—the U.S. and European countries—can be summed up as follows:

That Japanese practices are not fair;

On exports: That Japanese undersell regardless of the importing country's internal situations; form cartels; and are bent on expanding their market shares;

On imports: That the government and industry collaborate to pursue nationalistic policies; and are closing their domestic market to shut out foreign products.

We have countered these arguments time and again that our successful exports were achieved because of demand and resulted from our strenuous efforts. Or that the Japanese market is really not closed; few American or European businessmen speak even one word of Japanese; and few imported autos have right-hand drive. It all boils down to this: American and European businesses are not making as much effort as the Japanese.

Continued exchanges of such criticism alone will not resolve the problems. On the contrary, they will widen the credibility gap and deepen distrust. The point is the world industrial structure is changing drastically and its implications are spreading. If we come to this common understanding of the present situation, I am sure, we can solve our problems through dialogue.

—THE END—

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ECONOMIC

TOKYO ECONOMY SHIFTING FROM SECONDARY TO TERTIARY INDUSTRY

Tokyo MAINICHI DAILY NEWS in English 28 Jan 79 p 7

[Econoscope column by Econobserver: "Tokyo Losing Economic Clout"]

[Text]

The loss of economic weight in Osaka and New York has long been a problem. A similar phenomenon has begun to bug Tokyo recently.

Tokyo's weight in the real gross national product was 20.1 percent in fiscal 1960. It fell to 17.5 percent in fiscal 1976. The decline was caused by the shift of economic emphasis, which began around 1965, from secondary industries, particularly the heavy and chemical industries, to tertiary industries. Service industries came into business leadership replacing manufacturing industries.

Tertiary industries, spearheaded by the wholesale and service industries, kept expanding since 1955. Tertiary industries accounted for close to 70 percent of the net metropolitan product.

The increase was particularly conspicuous with the wholesale business. Nationwide, the weight of the wholesale business in GNP jumped to 34.8 percent in 1976 from the 27.3 percent of 1950. The growth was closely related to the development of data processing technology.

The loss of Tokyo's economic clout is different from those of Osaka and New York in that there has been no exodus of high income earners from the metropolitan area. In fiscal 1976, 21.5 percent of those earning between 10 million yen and 20 million yen, 20.9 percent of those earning between 20 million yen and 50 million and 22.4 percent of those earning more than 50 million yen lived in Tokyo.

The ratio of the concentration is two to three times higher than that in Osaka. The rate has not visible fallen compared with that for fiscal 1970.

Although it is open to question if the incomes are correctly assessed, it is clear that there is a concentration of a sizable portion of material and financial assets of the nation in Tokyo.

And these high income earners will not leave Tokyo while the city continues to be the nerve center of government administration and business operation.

Another phenomenon worthy of note is the outflow of the net metropolitan product (which is personal income) to outlying areas of Tokyo. Of the 7,065,000

who work in the Tokyo metropolitan area, 1,882,000 or 23.8 percent are commuters from the neighboring prefectures.

The income these out-of-towners take out of Tokyo amounts to some 3,560 billion yen or roughly 14.8 percent of the net metropolitan product which is 24 trillion yen.

Whatever the case, there is no doubt that Tokyo's economic weight has been declining in relation to those of other areas. The decline of weight holds true in the field of personal income.

The income level throughout Japan is steadily evening up (although it remains to be seen whether this evening up signified success of government policy).

Should we call the narrowing gap of income levels between urban and rural areas an end of the urban leadership in cultural and economic matters? Or, should we regard it as the beginning of an age of localism in these matters?

In a highly homogenous society like Japan, it is extremely difficult to arrive at a clear-cut answer to a problem that requires a new assessment of relations between urban and local economies and cultures.

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SCIENCE AND TECHNOLOGY

EQUIPMENT QUALITY IN ELEMENTARY PARTICLE PHYSICS LABS DECRIED

Tokyo KAGAKU ASAHI in Japanese Nov 78 p 34

[Article by Shogo Mizoe of KAGAKU ASAHI: "Stagnation in Japanese Elementary Physics"]

[Text] The level of elementary particle physics in Japan is still floundering in the minor leagues. One even receives the impression that the gap with the advanced nations is even widening.

The 19th International Conference on High Energy Physics was held in late August in Japan for the first time. This conference was first held at the University of Rochester in the United States in 1950, and recently it has been held every 2 years. This can be considered to be the most important meeting in this field.

With the discovery of the J-psi particle in late 1974, high-energy physics has now entered a period of intense activity. These days, there has been an almost dizzying amount of development every time an international meeting is convened. Naturally great expectations were held for the present conference as to what kind of new data might be revealed. This was also the opportunity to see how much capability Japan, the sponsor nation, had in this field.

From the standpoint of the results of research announced at the conference, it ended on a somewhat conservative note. There were few colorful topics discussed, such as concerning the discovery of new particles, and it seemed more of a recess during an otherwise active period. This could also be explained as the lull before the startup of large accelerators now under construction. One major result, however, was the fact that experimental data supporting the Weinberg-Salaam unifying theory, which unifies two of the four interactions in nature, namely the electromagnetic and the weak interactions, is not almost complete.

Current high-energy physics is engaged in a two-prong effort. One involves a more basic investigation of matter in nature centered on quark theory,

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while the other is the effort at unification of the four interactions. It is in the latter field that there has been solid progress. Now a question is what is the level of Japanese physics? On this matter, a realistic appraisal is given in a letter contributed by Prof Leon Lederman of Columbia University to the 10 September "discussion column" of the ASAHI SHINBUN. The professor is the discoverer of the upsilon particle which is assumed to possess the fifth quark. He says that "what is lacking in Japan, which has built an ultra-modern nation, is depth in its intellectual elite." In plain words, this is saying that there are only a few among the Japanese scientists who are of international calibre. There were quite a number of Japanese among those who presented talks. However, use of the word Japanese does not accurately reflect the situation. For instance, Prof Ichiro Nambu (photo insert) of Columbia University is one of a few countable scientists of world rank as evidenced by the fact that he was delegated the major task of giving a wind-up lecture. However, his research had been conducted in the United States with American funding, and furthermore, he is now a naturalized American citizen. There are many other similar examples of this type. In other words, the accomplishments of so-called Japanese scientists have almost all been attained with foreign facilities and money.

During the conference, some of the young researchers residing abroad were heard to complain to the press. In summary, these complaints seemed to be concerned mainly with the fact that research funding of basic science in Japan was extremely meager, and that there was some sense of humiliation in having to depend so much on foreign money. There are also other problems such as personal competitiveness among scientists, the lack of effort to curry public understanding, as well as others. On the other hand, however, there also seems to exist a fundamental problem in the way appropriations are made, where only economic benefits are considered with a tendency to neglect cultural values.

There was a time when scientists "of depth" such as Yukawa, Tomonaga, and Sakata appeared successively on the scene in the field of particle theory and quantum mechanics. This is due to the fact that at that time, there still existed in Japan a background of experimental physics which was needed to eventually produce results in theory. The present stagnation can be attributed to a difference in capability of experimental facilities, which has automatically produced a drag on theoretical development.

The grievance of Japanese experimentalists attending the conference that "it seems as if a minor league team simply rented out the ball park to watch major league teams play a game" is likely to continue for some time.

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SCIENCE AND TECHNOLOGY

AGE OF INTELLIGENT ROBOT IS UPON US

Tokyo NIKKAN KOGYO SHINBUN in Japanese 11 Dec 78 p 13

[Text] The growth of industrial-use robots continues smoothly even when the economy is not strong. It is not simply a quantitative expansion in production output and sales. Great qualitative and technical progress has been made. From the first simple Matehan robots, which were fixed-variable sequence robots, we have come to the point where Teichene Playback robots equipped with computer-controlled memory and replay mechanisms are in widespread use. With the appearance of modular robot production systems, robots are showing their effectiveness in production rationalization, efficiency and labor well-being--in the manufacture of automobiles and in other widespread fields. And now, we are actually beginning to have intelligent robots that "decide by themselves" and "act by themselves." The year 1985 will be the beginning of "the age of the intelligent robot." By giving a measure of intelligence to a mechanical robot, people are trying to make real the boundless dream of production rationalization, labor well-being and social well-being.

In the production structure of the industrial world, more weight is being put on diversified small-quantity production (instead of the heretofore dominant mass production) because of shifts in fashion and needs in all products. Also, rapid change is demanded in the production line. Because of this diversification in modes of production, the value of specialized machinery, which was the key in the age of standardized mass production, has declined sharply. On the other hand, industrial-use robots, which can cope flexibly with diversified small-quantity production lines with many model changes, are being brought to the fore. In these past few years, despite Japan's depressed economy, they have continued at a yearly high growth of about 40 percent.

The industrial-use robot, whose main function is this flexible automation, has assured its position with the Teichene Playback robot, which came into existence with the development of the computer industry. This robot has a memory and replay capability, and if someone "teaches" it once, afterwards the robot is capable of performing the same operation any number of times. Even if there is a change in the production line, this can be accommodated just by altering the robot's instructions.

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However, this repeating robot has the capability to repeat only the operations with which it was instructed. In cases where there are changes in the operational environment, where the manufactured products are random in kind, and where the operation is not fixed, it does not have the capacity to adapt.

Thus, if we were able to put into this industrial-use robot the capacity to measure and discriminate the position and conditions of the manufacturing environment and products and have it carry out fixed tasks while making appropriate decisions with regard to conditions, the robot would be a machine richer in adaptability and flexibility. What is appearing now is the intelligent robot. The intelligent robot has sense capabilities that correspond to the human five senses (sight, touch, smell, hearing and taste) and which can be controlled by these sense capabilities.

Even so, we should not hope that a robot will have intelligence and senses equal to those of man. But, if it can be equipped with sense capabilities to a certain level and the capacity to adapt to changing conditions, then the manufacturing capacity of the robot can take a big step forward. Presently research and development is progressing with focus on an intelligent robot whose "intelligence" is the sense of sight and the sense of touch. In part, hearing is also a goal, but taste and smell are not goals at all.

In the sense of touch there are sense of direct touch, sense of pressure, sense of strength, sense of slipperiness, etc. As for sensors to detect these, micro-switches, proximity switches, semi-conductor sense-pressure elements, strain gauges, touch-pressure resistors, warp meters, torque detectors, photoelectric conversion elements, etc., are being developed. Also, for sight sensors, there is a variety of things such as photo diodes, diode arrays, vidicon cameras, image disector cameras and fiberscopes.

In this way the intelligent robot has the facility to take in and analyze outside information by means of touch, sight and the ability to "handle." As the result of bringing together independent research into the eye, hand and software, the making of working intelligent robots has recently greatly been enlivened, even in the industrial world. Representative examples are the IC, LSI, etc., bonding in the computer world, which is the foremost industry in this respect, and the assembly of home electrical appliances and arc welding.

Influence on Automotive Assembly

On the whole, intelligent robots are just on the threshold of actual use. However, it appears that instances of actual use--especially in the field of assembly, such as the assembly of small quantities of complex products and the assembly of cars--will quickly increase from now on. According to the Japan Industrial-use Robot Industry Association, in the early 1980s the technical development of intelligent robots will be fairly complete, and in 1985 intelligent robots will account for 20 percent of all robot production. Moreover, according to America's Cyber Factor Company, this rate will be higher--it may go to 30-50 percent.

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In the world as a whole, who is advanced in the technology of intelligent robots? Number one abroad is Stanford University's Artificial Intelligence Laboratory. Since the development of the intelligent robot prototype in the hand-eye project at Stanford, a variety of research is accumulating-- the pump assembly robot, the hand-eye system based on feedback from the sense of sight and from answers derived from a three-dimensional color combination puzzle robot. Also, the assembly robots of Italy's Olivetti Co. are known worldwide, and besides, among the reports given at the International Robot Symposium, there are several other promising robots.

Expectations Toward Japan of Large Developed Nations

However, in the application and development of working intelligent robots, Japan leads the world. Japan's strong performance has led to positive action with respect to robot introduction and outstanding technical strength for robot makers and industries in the forefront, such as the automotive and home electric industries. This situation has thrust Japan into a leading position in the world in terms of the development and use of robots.

Because of that, expectations for our country are extremely great with regard to industrial-use robots, especially high-level ones including intelligent robots. The hopes of the Soviet Union, Eastern Europe, etc., in the communist sphere are strong. Japan Industrial-use Robot Industry Association Chairman Shuji Komemoto, who visited both Czechoslovakia and Bulgaria along with Prof Yoji Umetani of Tokyo Kogyo University, instructor in JETRO's machine seminar, returned to Japan on 4 December and explained the current situation as follows.

In Bulgaria, Beroe Combinato is the center of the development and manufacture of robots. A concentrated production of 50 units per month of fixed-variable system simple robots is being carried out there. In Czechoslovakia, centering on Bukof (the national research and development agency), they are trying to make an automated system with robots as the nucleus. Presently 200 projects are being worked on. They are still at the stage of just having made an experimental model of an actual robot.

Thus, in the research and development of robots, both countries are very far behind, but they have a strong interest in robot use. The coming meeting on robots will be lively. People of both countries involved in the development of robots will hereafter bring to development in their own countries the low-level Marehan robot. With respect to the high-level intelligent robots and Teichene Playback robots, they are planning to introduce products and technology from abroad. In this they agree that expectations toward Japan are greatest.

In the field of industrial-use robots, the expectations of the world toward Japan are great. Hereafter, as we advance to high levels with the intelligent robot, this tendency will probably get stronger. Especially,

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because intelligent robots are high priced products which require a concentration of very high level skill which brings together equipment, electronics and control, to fill the needs of the world will probably be a big plus for Japan's economy. The future of the intelligent robot, which is a step taken toward the 1980s, is bright.

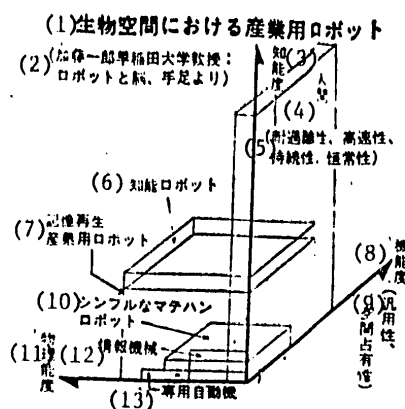


Figure 1

Key:

1. Industrial-use robot in biological space
2. (Professor Ichiro Kato of Waseda University: Robot and Brain, From the Limbs)
3. Degree of intelligence
4. Human
5. (Endurance, high speed, permanence, constancy)
6. Intelligent robot
7. Memory recall industrial-use robot
8. Degree of function
9. (Overall use, space occupancy)
10. Simple Matehan robot
11. Degree of physical ability
12. Information mechanism
13. Special use automatic mechanism

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(C) メーカー	(D) ロボットの名称	(E) 機能の概要	(F) センサー名	(G) センサー機能	(H) 適用作業または工程名
日立製作所	(1a) スーパーロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1b) ミスター・アロエス	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1c) ボルト締めロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1d) HI-T-HAND Expert-2	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1e) 自動トランジスタ検査機	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1f) HI-T-HAND NIK	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1g) HI-T-HAND NIK	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1h) 移動式超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1i) 移動式超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(1j) 移動式超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
日本電気	(2a) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2b) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2c) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2d) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2e) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2f) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2g) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2h) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2i) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(2j) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
三菱電機	(3a) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3b) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3c) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3d) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3e) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3f) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3g) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3h) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3i) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(3j) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
富士通	(4a) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4b) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4c) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4d) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4e) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4f) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4g) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4h) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4i) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業
	(4j) 超小型ロボット	超小型ロボット	カメラ	形状認識	超小型ロボットによる作業

Figure 2.

[Key on following page]

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[Key to Figure 2]

- A. Examples of the practical application of intelligent robots in industry
- B. (Study made by the Japan Industrial-use Robot Industry Association)
- C. Maker
- | | |
|------------------------------|--|
| 1. Hitachi | 7. Mitsui Shipbuilding & Engineering Co. |
| 2. Fuji Electric Co. | 8. Sumitomo Shipbuilding & Machinery Co. |
| 3. Nippon Electric Co. | 9. Toshiba |
| 4. NTN Toyo Bearing Co. | 10. Kawasaki Heavy Industries |
| 5. Yasukawa Electric Co. | 11. Oki Electric Industry Co. |
| 6. Mitsubishi Electric Corp. | 12. Nippon Kokan K.K. |
- D. Name of Robot
- E. Type of Intelligence
- | | |
|---|-----------------------------|
| 1a. Mister Aros | Sight |
| 1b. Mister Aros Junior | Sight |
| 1c. Bolt-fastener Robot | Sight and touch |
| 1d. HI-T-HAND Expert 2 | Touch |
| 1e. Fully automated transistor assembly system | Sight |
| 1f. HI-T-HAND MK-2 | Touch |
| 1g. Sight and Touch Combination Ambidextrous Robot | Sight and touch |
| 1h. Mobile-type Atomic Furnace Inspection Robot | Sight and touch and hearing |
| 2a. Selector | Sight |
| 3a. Audio cognitive | Hearing |
| 3b. Automatic bonding system | Sight |
| 4a. Automatic visual inspector | Sight |
| 5a. Motorman | Sight |
| 6a. Graphic cognitive handling robot | Sight |
| 6b. Automatic bonder | Sight |
| 7a. Large-scale arc welding robot | Sight |
| 7b. Setting device for automatically putting wicks in large-scale welded structures | Touch |
| 8a. Grinder operation robot | Strength |
| 9a. Locomotive robot | Sight |
| 9b. Automatic bonder | Sight |
| 10a. Sight handling robot | Sight |
| 11a. Automatic bonding system | Sight |
| 12a. WELBOT | Touch |

[Key to Figure 2 continued on following page]

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[Key to Figure 2 continued]

F. Name of Sensor	G. Sensor Function
1i. Indirect touch gap sensor utilizing magnetic change	Learning and calculating corner point coordinates and wrist compensation
1j. "	"
1k. Television camera and micro switch	Location and shape detection by means of shape perception
1l. Touch sensor and semi-conductor magnetic sensor	Resistance detection and location detection and ability to pinpoint location
1m. Television camera	Pinpointing location by means of pattern perception and detection of defective goods
1n. Strength, pressure and direct touch sensor utilizing pressure electric gum	Direct touch, pressure and strength detection
1o. Television camera, direct touch, pressure, strength sensors	Shape perception and direct touch, pressure, strength detection
1p. Television camera, vibration meter, thermostat, microphone, ion chamber	Detection of each type (measurement of temperature, bolt looseness, radiation level, etc.)
2b. Television camera	Size discrimination of product utilizing shape perception
3c. Microphone	To perceive language which is made by continuous sound
3d. Television camera	Pinpointing of location by shape perception
4b. Television camera	Examination of shape, measurement by shape perception
5b. Television camera	Confirming condition of rough location of work by shape perception; location, set-up of welding torch
6c. Television camera	Pinpointing of location by shape perception
6d. Television camera	Pinpointing of location by shape perception and detection of defective goods
7c. Small-scale television camera using CCD image sensor	Set-up of torch position and examination of corner welding
7d. Magnet scale	Location detection
8b. Differential motion transformer	Examination of grinder strength
9c. Optic sensor which combines hydrogen injected tungsten lamp and solar cell	Location detection
9d. Solid element camera	Pinpointing of location by shape perception

[Key to Figure 2 continued on following page]

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[Key to Figure 2 continued]

- | | |
|--|---|
| 10b. Television camera | Pinpointing of location by shape perception |
| 11b. Television camera | Pinpointing of location by shape perception |
| 12b. Differential transformer | Examination of welding line |
| H. Application Operation/Process Name | |
| 1q. Arc welding (construction machinery parts) | |
| 1r. " " " | |
| 1s. Concrete pouring plastic frame bolt tightener | |
| 1t. Precision joining | |
| 1u. Bonding of transistors | |
| 1v. Boxing | |
| 1w. Assembly | |
| 1x. Inspection inside atomic furnaces | |
| 2c. Vegetable separation | |
| 3e. Sorting mail, baggage, etc. | |
| 3f. Bonding of transistors | |
| 4c. Transistorized, etc., removal of defective items of large and mid-size (vegetables, etc.) goods from small goods parts | |
| 5c. Arc welding | |
| 6e. Assembly | |
| 6f. Bonding of transistors | |
| 7e. Shipbuilding, etc., arc welding | |
| 7f. To carry out location determination of automatic wick pusher in shaving-off process of large-scale structures | |
| 8c. Grinding operation process of piston crowns | |
| 9e. Transport of parts, etc., within a factory | |
| 9f. Bonding of transistors | |
| 10c. Assembly | |
| 11c. Bonding of transistors | |
| 12c. Arc welding | |

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SCIENCE AND TECHNOLOGY

'YOMIURI' EDITORIAL CALLS FOR STOL DEVELOPMENT

Tokyo THE DAILY YOMIURI in English 7 Feb 79 p 2 OW

[Editorial: "Push STOL Development"]

[Text] The government has allotted a sum in the fiscal 1979 budget to develop an experimental STOL (Short Takeoff and Landing) aircraft and this coupled with the FJR-710 jet engine project hopefully will rehabilitate Japan's backward aircraft industry.

Since 1967, the government has been studying the feasibility of developing the YX, or next-generation commercial aircraft to replace the YS-11, and a joint development agreement was reached with the Boeing Company. However, the plan did not work out very well because Japan was reduced to a "sub-contractor" status. This lesson tells us that assiduous efforts must be made to improve technology for the growth of the aircraft industry.

Aircraft Technologies Lagged

After World War II, Japan introduced technology in many industrial areas, and industries grew and prospered as improvements were made in imported technologies. But this method cannot be employed in the aircraft industry because this is a highly labor-intensive industry and cannot be automated or operated on a mass production, assembly line basis.

The YX project was to have been the core of the plan to foster Japan's aircraft industry, but neither the government nor business showed much zeal for aircraft development which requires big research investment and is highly risky.

The STOL and jet engine projects are more attractive. The STOL project aims at developing a plane with a seating capacity of 100 to 150 persons and with a high-powered lift engine which will reduce takeoff and landing runway space by half compared to conventional passenger jets. It also would cause only one-tenth the noise of ordinary aircraft. It will use the FJR-710 jet engine under development.

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More Advanced

At present jet passenger planes can land at only 25 airports in Japan with runways of 2,000 meters or more. However, STOL could use 49 airports with runways of 800 meters or more. The U.S. also is working on a STOL project but the Japanese STOL is more advanced in terms of practicability.

If progress runs smoothly, efforts to develop a prototype STOL will be started in fiscal 1980 after completion of the experimental STOL. The FJR-710, with a thrust of seven tons and a low-polluting engine, is scheduled to be completed in 1980. No other country is developing an engine for medium and small passenger planes.

To challenge the formidable aircraft industries of other advanced countries, the government will have to extend liberal subsidies not only for research and development but also for production. However, aircraft manufacturers must exert great efforts too.

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END